



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Planning Commission

SUBJECT: SEE BELOW

DATE: November 4, 2013

COUNCIL DISTRICT: 4

SUBJECT: FILE NOS. PP11-043 AND GP13-020. ENVIRONMENTAL IMPACT REPORT (PP11-043), MASTER PLAN, AND GENERAL PLAN AMENDMENT (GP13-020) FOR THE SAN JOSE/SANTA CLARA WATER POLLUTION CONTROL PLANT MASTER PLAN, WHICH ADDRESSES IMPROVEMENT PROJECTS TO REDUCE ODORS, ACCOMMODATE PROJECTED POPULATION GROWTH IN THE SERVICE AREA, COMPLY WITH CHANGING REGULATIONS, AND ESTABLISH A COMPREHENSIVE LAND USE PLAN FOR THE ENTIRE PROJECT SITE, WHICH INCLUDES THE OPERATIONAL FACILITIES AND THE SURROUNDING BUFFER LANDS, LOCATED ON AN APPROXIMATELY 2,680 ACRE SITE AT THE SOUTHERN END OF THE SAN FRANCISCO BAY WITHIN THE NORTHERNMOST PORTION OF THE CITY OF SAN JOSÉ IMMEDIATELY NORTH OF STATE ROUTE 237, WEST OF INTERSTATE 880 (700 LOS ESTEROS ROAD, APN: 015-31-024+).

RECOMMENDATION

In three separate actions, the Planning Commission voted 5-0-2 (Commissioners Abelite and Bit-Badal absent) to:

- 1) Certify the Final Environmental Impact Report for the San José/Santa Clara Water Pollution Control Plant Master Plan,
- 2) Recommend City Council adopt the Plant Master Plan, and
- 3) Recommend City Council approve a General Plan Amendment to change the Envision San José 2040 General Plan Land Use/Transportation Diagram designation of a 308-acre portion of the Water Pollution Control Plant from Public/Quasi-Public to Industrial Park (81 acres), Light Industrial (31 acres), Neighborhood Community Commercial (5 acres), Combined Industrial/Commercial (11 acres), and Open Space, Parklands and Habitat (180 acres); and align the future Nortech Parkway extension south of the Open Space designation.

OUTCOME

Should the City Council adopt the Environmental Impact Report (EIR), adopt the Plant Master Plan (PMP), and approve the General Plan Amendment (GPA), the City would be able to move forward with the implementation of the Plant Master Plan, which includes improvement projects to reduce odors, accommodate projected population growth in the service area, comply with changing regulations affecting the Facility, and establishes a comprehensive land use plan for the entire project site, which includes the operational facilities and the surrounding buffer lands.

EXECUTIVE SUMMARY

On October 30, 2013, the Planning Commission heard three agenda items related to the Plant Master Plan (Certify the EIR for the Plant Master Plan and the General Plan Amendment, Recommend City Council adopt the Plant Master Plan, and Recommend City Council approve the General Plan Amendment). Approximately 17 members of the public spoke at the public hearing. The majority were in opposition to the development of the Facility bufferlands for uses other than Facility wastewater processing infrastructure improvements. Many of those in opposition to the project also asserted that the EIR for the Plant Master Plan did not adequately address a number of issues, including: impacts to Burrowing Owls, Flooding and Sea-Level Rise, Liquefaction Risk and Seismic Hazards, Water Supply and Sea Water Intrusion, Deferral of Analysis, Inadequate Greenhouse Gas Mitigation, Inadequate Range of Alternatives in the EIR, and Failure to Adequately Analyze Odor Impacts. Planning staff and consultants responded to the concerns and maintained that the issues are adequately addressed in the Final EIR for the project.

In three separate actions, the Planning Commission voted 5-0-2 (Commissioners Abelite and Bit-Badal absent) to Certify the EIR, Recommend City Council adopt the Plant Master Plan, and Recommend City Council approve the General Plan Amendment.

BACKGROUND

On October 30, 2013, the Planning Commission held a public hearing to consider the proposed EIR, Treatment Plant Master Plan, and General Plan Amendment. The Director of Planning, Building and Code Enforcement recommended that the Planning Commission certify the Final EIR as complete and in compliance with the California Environmental Quality Act (CEQA) and recommend to the City Council adoption of the Master Plan and approval of the General Plan Amendment for the reasons stated in the attached staff report.

Planning staff presented staff's recommendation to certify the Final EIR and approve the General Plan Amendment and Environmental Services Department (ESD) staff on behalf of ESD as the project applicant presented staff's recommendation to adopt the Plant Master Plan. After the presentations, the three items were discussed concurrently throughout the public testimony and the remainder of the hearing.

Public Outreach

In addition to the multiyear community engagement process described in the staff report for the Plant Master Plan, the property owners and occupants within a 1,000-foot radius and the community of Alviso were sent public hearing notices for the Planning Commission and City Council hearings. The project staff reports have been posted on the City's web site. Staff has been available to discuss the proposal with interested members of the public.

ANALYSIS

The following analysis pertains to issues raised and the responses given during the Planning Commission hearing. In large part, the issues were previously raised during the comment period for the Draft EIR and comprehensive responses were provided in the First Amendment to the Draft EIR. A Planning Division staff report providing analysis of the Final EIR and the proposed General Plan Amendment and a memorandum from the Director of the Environmental Services Department (ESD) discussing the Plant Master Plan (PMP) and the Staff Modified Alternative 4 were provided to the Planning Commission and are attached to this memorandum.

As discussion of the three separate Planning Commission agenda items for the Plant Master Plan (certification of the Final EIR, recommendation to City Council to adopt the PMP, and recommendation to Council to approve the General Plan Amendment) was conducted together, the comments and issues raised during the hearing often covered more than one of the agenda items. For that reason, this section is organized by discussion topic (e.g., impacts to burrowing owls or flooding and sea-level rise) followed by the responses provided at the hearing on the given topic.

Approximately 17 members of the public spoke at the public hearing. The majority of the speakers were in opposition to the development of the Facility bufferlands for uses other than Facility wastewater processing infrastructure improvements. Numerous speakers expressed strong preference that the bufferlands be preserved as open space and as wildlife habitat for the burrowing owl. Concerns were expressed regarding the feasibility of development in this area due to flooding and liquefaction risks. Concern was also expressed that development on the bufferlands was contrary to the City's General Plan policies to direct growth towards developed areas that have existing City services. One speaker was in support of the implementation of economic development uses, specifically light manufacturing and industrial uses on the southern bufferlands.

Key concerns expressed during the hearing are as follows and are further discussed below:

1. Impacts to Burrowing Owls
2. Flooding and Sea-Level Rise
3. Liquefaction Risk and Seismic Hazards
4. Water Supply and Sea Water Intrusion
5. Deferral of Analysis
6. Inadequate Greenhouse Gas Mitigation
7. Inadequate Range of Alternatives in the EIR
8. Failure to Adequately Analyze Odor Impacts

1. Impacts to Burrowing Owls

Several commentators stated that the build out of the PMP as shown in the ESD Staff Modified Alternative 4 would ensure that the burrowing owl conservation strategy (part of the Santa Clara Valley Habitat Plan) would fail, stating that the Regional Wastewater Facility (Facility) lands currently support one of the only remaining populations of burrowing owls in Santa Clara County. Commentators also stated that the Facility lands are important because they would provide the source population for the rest of Northern San Jose once the Santa Clara Valley Habitat Agency is able to purchase new burrowing owl lands under the Habitat Plan, and without the source population the burrowing owl conservation strategy would not be successful.

Commissioner Cahan questioned whether the City could permit development of areas proposed as burrowing owl conservation areas in the Habitat Plan and questioned why the EIR states that only three acres of burrowing owl habitat would be set aside and placed under an easement when the PMP states that 180 acres would be set aside as a burrowing owl area. Furthermore, Commissioner Cahan expressed concern that, without permanent protections in place for the 177 acres, there is a risk that the City would change its mind later and not use the 177 acres as burrowing owl habitat. Commissioner Cahan also questioned whether the other impacts (other than the 0.9 acres) were analyzed in the EIR and why mitigation was not outlined for those impacts. Commissioner Cahan was concerned that there is not a sufficient commitment to set aside the 180 acres for owls.

Several commentators requested that the Nortech Parkway extension be removed from the Master Plan, citing impacts to the proposed Burrowing Owl area. Commentators noted that roads are bad for wildlife and by placing the road through the habitat area there would be increased vehicle strikes of burrowing owls.

Commissioner Cahan recommended City Council direct development of the economic development land uses in the Plant Master Plan start on the east side of Zanker first and that there be triggers for economic development tied to the success of the Santa Clara Valley Habitat Plan burrowing owl management program.

Commissioner O'Halloran noted the City is participating in the Habitat Plan in order to implement the General Plan. As the Envision 2040 General Plan, which includes job growth capacity for the Facility's bufferland area to support future expansion of employment uses, is a covered activity under the Habitat Plan, the Habitat Plan should not be used as a means to disallow General Plan implementation.

Responses

Staff and environmental consultants acknowledged that Facility lands would be important to the success of the Habitat Plan's burrowing owl conservation strategy but clarified that the burrowing owl conservation strategy does not explicitly rely upon Facility lands for its success and confirmed that the Final EIR accurately acknowledges that Plant lands support one of the only remaining burrowing owl populations in Santa Clara County. Activities contemplated in the PMP that are inside of the Habitat Plan study area (e.g., the economic development land uses) are considered covered activities in the Habitat Plan and are not in conflict with the Habitat Plan. While the Habitat Plan denotes Plant lands as an important area for burrowing owls in Santa Clara County it does not state that the area must be purchased as mitigation land in order for the

burrowing owl conservation strategy to succeed. The Habitat Plan contemplates development in the bufferlands and is designed to mitigate those impacts.

Staff clarified that of the 180 acre burrowing owl management area included in the PMP, three acres will serve as burrowing owl mitigation for the 0.9 acres of impact from project-level elements of the PMP that would occur on a part of the Facility site that is outside of the Habitat Plan boundary. The remaining 177 acres of the 180 acre burrowing owl management area would be designated as burrowing owl area, consistent with the goals of the PMP. It is not necessary to use the 177 acres as a burrowing owl mitigation area, as the City has the option to pay a burrowing owl conservation fee through the Habitat Plan as mitigation. The other PMP elements that could have an impact on burrowing owl habitat were analyzed in the EIR at a program-level and mitigation was outlined as payment of the fee through the Habitat Plan or by developing an equivalent conservation program should the validity of the Habitat Plan be successfully challenged in court and overturned.

Staff and consultants agreed that roads are not ideal for wildlife but that the analysis correctly concludes that the roadway through the Burrowing Owl area would not preclude owls using that habitat on the north and south side of the new roadway. Staff restated information provided in the EIR regarding burrowing owls using habitat near roads in the north San Jose Area. Staff also cited other examples of roadways in and around Plant lands (e.g., Zanker Road and Disc Drive) that bisect existing burrowing owl habitat. Staff clarified that Nortech Parkway was analyzed at a program level in the EIR and would be analyzed further at a project-level once a proposal is made. That analysis would tier off of the EIR. Staff confirmed that mitigation was not identified in the EIR for impacts from loss of habitat from the roadway but those impacts would be analyzed once the final location of the roadway is determined.

Staff clarified that several other sites in the region support active populations, with the Facility lands hosting a population of six documented nesting pairs during the 2013 breeding season, up from two pairs in 2012.

Staff noted that changing the Envision 2040 General Plan Land Use/Transportation Diagram Designation from Public/Quasi Public to Open Space, Parklands and Habitat, as proposed in the staff recommendation for the General Plan Amendment would help to preserve the 180 acre burrowing owl management area.

2. Flooding and Sea-Level Rise

There were a number of comments about flood risk and sea level rise from Commissioners Kamkar and Cahan and other public speakers. The comments addressed the EIR analysis as well as features of the Plant Master Plan. Comments pertinent to the EIR analysis included concerns regarding construction within an area subject to flooding, whether the EIR had considered the Federal Emergency Management Agency's (FEMA) new guidelines, whether placement of fill on the project site would exacerbate flooding in other areas (e.g., Alviso), due to back-to-back storm events, and how sea level rise would worsen flood hazards at the site.

Commentators asserted that the proposed "Flex Space" located east of Zanker in the Staff Modified Alternative 4 should remain undeveloped so that it may remain as open space and habitat and also serve as a flood control area. Commentators also stated that the Flex Space

should remain undeveloped and that the Envision 2040 General Plan Land Use / Transportation Diagram Designation for the Flex Space area should be changed from Public/Quasi Public to Open Space, Parklands, and Habitat.

Responses

Staff and the consultants indicated that the EIR did consider flood hazards at the site, identified the flood control provisions that would be implemented, either through the proposed South San Francisco Bay Shoreline Study levee or, in the event that the levee is delayed, through the City's flood proofing standards (with reference made to page 4.3-6 in the First Amendment) for any individual PMP components implemented prior to construction of the levee. A master response on the proposed levee was included in the EIR, which indicates that the levee, to be implemented in partnership with other agencies through the South Bay Shoreline project, would be designed to provide protection for the 100-year coastal flood event through the 50-year planning period of analysis under all sea level rise scenarios considered in the South Bay Shoreline Study. The issue of the displacement of flood waters (potentially leading to flooding in other areas) is addressed in the EIR, which indicates that parts of the project area lie within the 100-year floodplain but not within a floodway. Therefore, any fill in this area would not affect the FEMA-projected flood levels. Through project design features, the hazards of sea level rise on the proposed elements of the project would be addressed in a manner consistent with the U.S. Army Corps of Engineers approach or an alternative strategy.

With respect to the characteristics of the Master Plan, commentators suggested that lands such as the Flex Space area be retained for flood control, that habitat and flood protection represent the highest and best use of the site, that the area be used to alleviate flooding, and that restoration of the Coyote Creek Delta would be helpful in preventing flooding. Staff responded that the Flex Space would retain its Public/Quasi-Public General Plan designation, signifying the important role of the drying beds and future transition of that area for other Treatment Plant needs. The term Flex Space is intended to provide future flexibility to the Treatment Plant and its land management needs.

A commentator asserted that there are more appropriate areas in San José for densification than the Plant Master Plan project area and that the City should not pursue development in flood plains. Office of Economic Development staff responded that in comparison to the proposed project site, there are few if any other areas in San José that could provide this quantity of contiguous acreage suitable for light manufacturing and in a highly desired location near major highways.

In response to comments that the area designated as Flex Space should be preserved as open space and habitat and concern that economic development land uses could be located there in the future, Staff stated that subsequent environmental analysis would be necessary before it could be determined whether economic development land uses could be located in the area designated as Flex Space.

3. Liquefaction Risk and Seismic Hazards

Commissioner Kamkar and public speakers expressed concern that the site is highly susceptible to liquefaction and seismic hazards.

Responses

Staff and consultants indicated that adverse effects associated with liquefaction and seismic hazards are addressed in the EIR (with reference made to DEIR pages 4.8-22 and 4.8-23). All projects in California including the PMP components are subject to the California Building Code, which establishes the standards whereby engineers can safely design and build structures to address liquefaction and other soil instabilities.

4. Water Supply and Sea Water Intrusion

Commissioner Kamkar and other speakers raised comments on the project's need for water supplies, the inadequacy of those supplies and potential seawater intrusion associated with developing new wells in the area.

Responses

In response, staff and consultants indicated that the EIR evaluates potential adverse effects associated with increased water demand of proposed economic development (see Utilities section of EIR). The EIR discloses that this impact is significant and unavoidable based on inadequate supplies. The EIR relies on the Water Supply Assessment (WSA) completed for the General Plan. Once a developer comes along with a specific proposal and if it meets the requirement for conducting a WSA, this assessment will be conducted and water purveyors will reconsider adequacies of water supplies at that time. Staff and consultants also indicated that the EIR addresses the issue of seawater intrusion from overpumping on page 4.13-17 of the First Amendment.

The EIR evaluates potential adverse effects associated with increased water demand of proposed economic development (with reference made to the Utilities section of EIR). The EIR discloses that this impact is significant and unavoidable. The EIR relies on the WSA completed for the General Plan. Once a developer has a specific proposal that is more detailed and if it meets the requirement for conducting a WSA, this assessment will likely be conducted. Water purveyors would re-evaluate adequacies of water supplies as needed at that time.

5. Deferral of Analysis

Speakers indicated that the EIR improperly defers analyses to the future even though there is enough information currently available to do more analysis now.

Responses

Staff and consultants indicated that the EIR includes analysis and disclosure of all foreseeable impacts without engaging in speculation. The EIR identifies robust mitigation to address foreseeable impacts. Some of the mitigation measures are more programmatic and the analysis mirrors the level of detail with which the project has been defined at this point. The EIR acknowledges that impacts associated with program-level components will be revisited in future project-level environmental review, in accordance with the California Environmental Quality Act (CEQA).

6. Inadequate Greenhouse Gas Mitigation

One commentator asserted that the EIR did not include adequate mitigation measures to reduce Greenhouse Gas (GHG) emissions.

Responses

Staff noted that the City has a GHG Reduction Strategy that provides compliance with Assembly Bill 32 (AB 32), the Global Warming Solutions Act, through 2020. After that time, the City's General Plan 2040 EIR indicates that this strategy would not achieve compliance with AB 32 but prior to 2020 would allow projects in conformance with the 2040 General Plan to tier from the GHG Reduction Strategy rather than provide separate quantified analysis of GHG emissions.

The Master Plan EIR tiers from the General Plan EIR accordingly; however, post 2020, environmental review would need to quantify the GHG impacts of the project. The EIR includes mitigation measures that would reduce GHG impacts. These measures were drawn from the City's GHG Reduction Strategy.

7. Inadequate Range of Alternatives in the EIR

Commissioners Kamkar and O'Halloran and other public speakers questioned why the EIR did not include an alternative that excluded economic development or only included the Treatment Plant improvements while preserving significant open space. Commentators also stated that the EIR fails to consider a range of alternatives that would reduce significant impacts to water supply, greenhouse gas emissions, biological impacts, air quality impacts and inclusion of discussion of the community risk reduction plan under Bay Area Air Quality Management District (BAAQMD); indicating that economic development should occur elsewhere in San Jose (in already developed areas, and potentially using existing vacated buildings). A commentator also expressed preference for the Coyote Delta Alternative (dropped from the preferred project in 2011).

Responses

In response to the questions raised, staff and consultants indicated that the FEIR includes a master response on alternatives, indicating how the EIR's alternatives meet CEQA requirements and try to address alternatives that reduce significant and unavoidable impacts of the project. Regarding air quality issues, the EIR analysis (with reference made to Section 4.5) identifies significant unavoidable impacts, largely due to nitrogen oxide (NOx) emissions. Staff and consultants tried to find an alternative that would reduce air quality impacts below the significance threshold but this particular threshold (pounds per day of NOx) is stringent and many projects have difficulty meeting this requirement. The EIR analysis conservatively assumes the maximum number of projects that could be constructed at once and determined lbs/day of NOx emissions. In order to meet BAAQMD's NOx threshold, the City would need to substantially prolong construction phases of individual projects and WPCP projects. The EIR concludes that prolonging the construction period to reduce NOx impacts would be infeasible and could worsen other impacts.

Staff also briefly summarized CEQA requirements in regard to presenting a reasonable range of alternatives and that one of the tests is the feasibility of those alternatives. An alternative that is not consistent with the City's General Plan, such as an alternative that eliminates the 15,000 jobs from the Master Plan area, can be considered infeasible under CEQA. After staff's response, Commissioner O'Halloran concurred that an alternative that excluded economic development would be infeasible based on the General Plan jobs target for 15,000 jobs on Master Plan lands.

8. Failure to Adequately Analyze Odor Impacts

Some commentators stated that the proposed economic development uses are not compatible with the operation of the wastewater facility due to odor impacts.

Responses

Staff and consultants responded that the EIR does evaluate odor impacts in the air quality chapter. The analysis is consistent with guidelines considering whether the project represents a substantial source of odor relative to existing conditions. Staff and consultants also noted that one of the proposed objectives of the Plant Master Plan is to reduce odors and the project proposes changes in the management of the biosolids, which are a source of odor, and includes odor control features for the headworks and primaries and for the specific uses proposed within the biosolids management area. The air quality analysts for the EIR concluded that the improvements would reduce odors relative to existing conditions and that the project would have a less than significant impact in regard to odors.

Staff also indicated that when economic development land uses come forward as specific development applications, they will be subject to subsequent CEQA review that will include analysis of odor impacts. It is anticipated that many of the odor-reducing improvements for the Facility will be in place prior to the implementation of economic development projects.

Planning Commission Actions

The first vote to certify the EIR failed (3-2-2, Commissioners Kamkar and Cahan opposed, and Commissioners Bit-Badal and Abelite absent). Four affirmative votes are necessary for the Planning Commission to take action under its bylaws. The Commission reconsidered the vote and continued its discussion of the key issues described above. On a renewed motion after further discussion, the vote to certify the EIR passed unanimously (5-0-2, Commissioners Bit-Badal and Abelite absent).

A motion to recommend that the City Council approve the staff recommendation for the adoption of the Plant Master Plan (PMP) passed unanimously with no additional discussion (5-0-2, Commissioners Bit-Badal and Abelite absent).

The Commission discussed the General Plan Amendment (GPA) more extensively before voting on a motion to approve staff recommendation. Commissioner Cahan opposed the extension of Nortech Parkway. Commissioner Kamkar recommended limiting economic development to the east side of Zanker only, but this was not accepted by the maker of the motion to approve staff recommendation. Commissioner Cahan recommended City Council direct the initial development of the economic development land uses to the east side of Zanker first and that the Environmental Services Department (ESD) provide annual updates on burrowing owl management and the Planning Commission agreed. Commissioner Cahan recommended "triggers" for economic development tied to the success of the Santa Clara Valley Habitat Plan (Habitat Plan) burrowing owl management program and this was not included in the motion. Commissioner Kamkar made a friendly amendment to move the Nortech Parkway expansion south of the proposed Open Space, Parklands and Habitat area, which was accepted. The motion to approve staff recommendation, with the recommended change to the location of the future Nortech Parkway, passed unanimously (5-0-2, Commissioners Bit-Badal and Abelite absent).

The Planning Commission also included in this motion a request to note to the City Council a suggestion that economic development occur on the east side of Zanker Road first.

EVALUATION AND FOLLOW-UP

If Council approved this package of items, the City will be able to begin to implement the Treatment Plant Master Plan.

Implementation of the economic development land uses, the new roads to serve those land uses, and other elements related to wastewater processing infrastructure improvements that were reviewed at a program-level in the EIR will be subject to subsequent project-level review in accordance with CEQA. Additionally, development of the economic land uses will require the submittal of development permit applications with the Planning Division.

POLICY ALTERNATIVES

The analysis of alternatives can be found in the memorandum from the Director of Environmental Services, attached.

PUBLIC OUTREACH/INTEREST

- ☐ **Criteria 1:** Requires Council action on the use of public funds equal to \$1,000,000 or greater. **(Required: Website Posting)**
- ☐ **Criteria 2:** Adoption of a new or revised policy that may have implications for public health, safety, quality of life, or financial/economic vitality of the City. **(Required: E-mail and Website Posting)**
- ☐ **Criteria 3:** Consideration of proposed changes to service delivery, programs, staffing that may have impacts to community services and have been identified by staff, Council or a Community group that requires special outreach. **(Required: E-mail, Website Posting, Community Meetings, Notice in appropriate newspapers)**

Although this item does not meet any of the above criteria, staff followed Council Policy 6-30: Public Outreach Policy. A notice of the public hearing was distributed to the owners and tenants of all properties located within 1,000 feet of the project site and to the community of Alviso and posted on the City website. In addition, the multi-year Treatment Master Plan process included robust community engagement as described in the memorandum from the Director of Environmental Services, attached.

COORDINATION

This project was coordinated with the Environmental Services Department and the City Attorney's Office.

FISCAL/POLICY ALIGNMENT

This amendment has been evaluated for its consistency with the Envision San Jose 2040 General Plan as further discussed in attached staff report.

CEQA

The environmental impacts of this project were addressed by an Environmental Impact Report entitled "San José/Santa Clara Water Pollution Control Plan Master Plan" ("Master Plan EIR" or "Final EIR"), which was certified by the City of San José Planning Commission on October 30, 2013. The Master Plan EIR serves as both a program and a project EIR for the Master Plan, as is described in the staff report on the EIR.

The Draft EIR for the Master Plan was circulated for public review from January 11, 2013 through March 13, 2013, which included the 45 day public circulation required by CEQA and a 15 day extension requested by ESD staff to allow additional opportunity for public input. The 10-day circulation period for the First Amendment to the DEIR, which contains written responses to all comments made on the DEIR during the review period, began on October 18, 2013. The First Amendment, taken together with the Draft EIR, constitutes the Final EIR. The DEIR and the First Amendment to the DEIR are available for review on the Planning Division website at: <http://www.sanjoseca.gov/index.aspx?nid=2434>.

/s/

JOSEPH HORWEDEL, SECRETARY
Planning Commission

For questions please contact Bill Roth, Project Manager at 408-535-7837.

Attachments:

1. EIR Certification and General Plan Amendment Staff Report
2. Plant Master Plan Adoption Memo

STAFF REPORT
PLANNING COMMISSION

FILE NO.: PP11-043 & GP13-020

Submitted: October 17, 2013

PROJECT DESCRIPTION:

General Plan Amendment to change the Land Use/Transportation Diagram designation of a 308-acre portion of an approximately 2,680 gross acre site from Public/Quasi Public to Industrial Park (81 acres), Light Industrial (31 acres), Neighborhood/Community Commercial (5 acres), Combined Industrial/Commercial (11 acres), and Open Space, Parklands and Habitat (180 acres).

LOCATION:

Southern end of the San Francisco Bay within the northernmost portion of the City, immediately north of State Route 237, west of Interstate 880 (700 Los Esteros Road, APNs: 015-30-098, 015-31-061, 015-31-062, 015-31-063).

Existing General Plan	Public/Quasi Public
Proposed General Plan	Industrial Park; Light Industrial; Open Space, Parklands and Habitat; Neighborhood/Community Commercial; Combined Industrial/Commercial
Zoning	A Agricultural, HI Heavy Industrial, IP Industrial Park, LI Light Industrial, PD Planned Development, R-1-8 Single-Family Residence, R-M Multiple Residence,
Proposed Zoning	NA
Council District	4
Annexation Date	March 12, 1968 (Alviso Consolidation), September 11, 1958 (Lick No_3-A, June 22, 1972 (Lick No_5-A), February 23, 1962 (Lick No_6), July 22, 1971 (Lick No_10), March 7, 1978 (Lick No_17), February 10, 1955 (North San José No_3),
Historic Resource	NA
Specific Plan	Alviso Master Plan
Project Manager	Bill Roth

FIGURE 1: AERIAL MAP

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FIGURE 2: EXISTING GENERAL PLAN

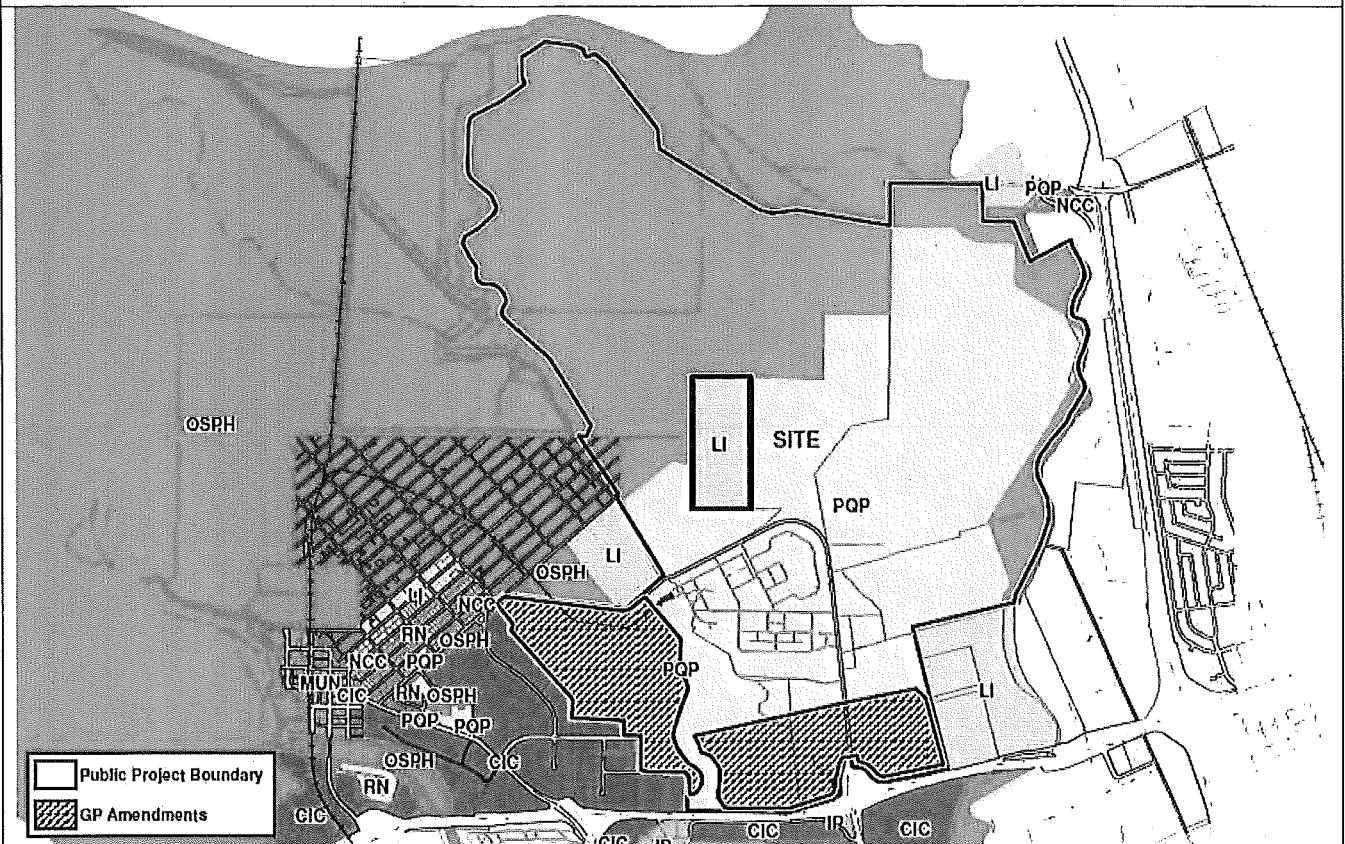
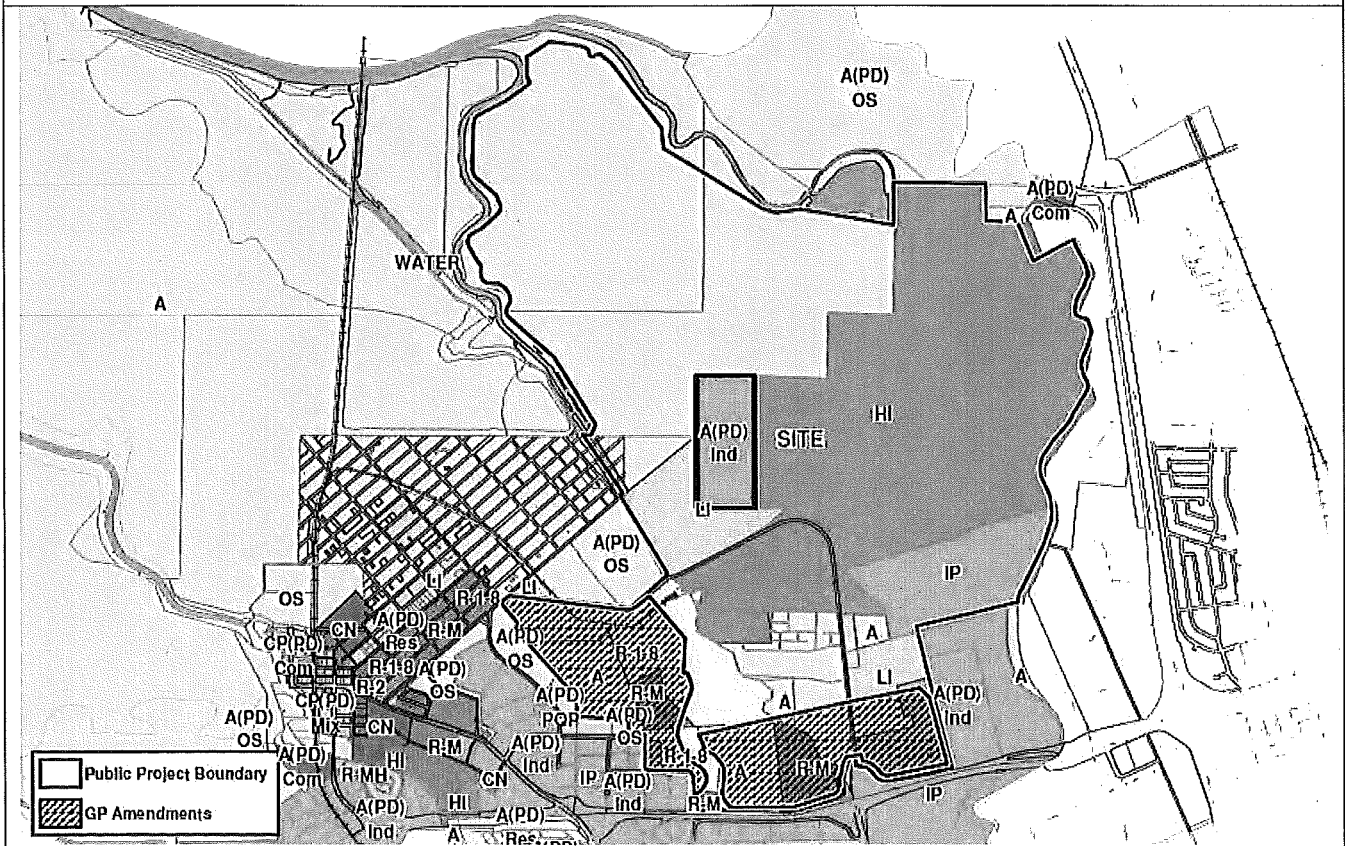


FIGURE 3: EXISTING ZONING



RECOMMENDATION

Planning staff recommends that the Planning Commission certify the Final Environmental Impact Report and recommend that the City Council approve the General Plan Amendment for the following reasons:

1. The Final Environmental Impact Report for the San José-Santa Clara Regional Wastewater Facility Master Plan and General Plan Amendment ("Final EIR") was completed in accordance with the requirements of the California Environmental Quality Act and state and local guidelines implementing the Act (collectively "CEQA");
2. The proposed General Plan Amendment is consistent with the goals and policies of the Envision San José 2040 General Plan ("General Plan");
3. The proposed General Plan Amendment implements the land uses envisioned for the southern buffer lands in the General Plan and the proposed San José-Santa Clara Regional Wastewater Facility Master Plan;
4. The proposed General Plan Amendment is compatible with the existing and surrounding land uses; and
5. The proposed General Plan Amendment conforms to the requirements of CEQA.

BACKGROUND & DESCRIPTION

This staff report provides discussion and analysis for the certification of a Final EIR for the San José-Santa Clara Regional Wastewater Facility Master Plan ("Master Plan" or "Plant Master Plan") and the consideration of a General Plan Amendment request to indicate land use designations consistent with the uses identified in the Master Plan. A brief description of the Master Plan is provided in this report; however, detailed discussion and analysis is provided separately in a City of San José Environmental Services Department (ESD) staff report on the Master Plan.

The following sequence of actions by Planning Commission and City Council would implement the Master Plan:

Planning Commission

1. Certify the Final EIR
2. Recommend City Council Adopt the Master Plan
3. Recommend City Council Approve the General Plan Amendment

City Council

4. Certify and Adopt the Final EIR
5. Adopt the Master Plan
6. Approve the General Plan Amendment

San José-Santa Clara Regional Wastewater Facility Master Plan

The San José-Santa Clara Regional Wastewater Facility ("Facility"), formerly known as the San Jose/Santa Clara Water Pollution Control Plant ("WPCP"), serves approximately 1.4 million residents and about 17,000 main commercial/ industrial sewer connections in the cities of San José, Santa Clara, Milpitas, Cupertino, Campbell, Los Gatos, Monte Sereno, and Saratoga. The City of San José and the City of Santa Clara co-own the Facility. Pursuant to the Master Agreement between the Cities of San José and Santa Clara, the City of San José manages the Facility and the surrounding lands, which together total

approximately 2,680 acres. While the Facility has successfully served the community for 57 years, aging pipes, pumps, concrete, and electrical systems need immediate and long-range attention in order to continue those successful operations well into the future. Development of a Master Plan for the Facility was initiated after a 2007 study identified the need for \$1 billion in facility repair and replacement, and recommended the development of a Master Plan.

With extensive community outreach and engagement, the City of San José, the City of Santa Clara, and tributary agencies undertook a master planning process to achieve various operational, economical, recreational, and environmental goals in coordination with other key planning efforts. The resulting Master Plan provides a central planning document to guide changes and improvements to the Facility's infrastructure, operations, and land uses over the next 30 years (through the year 2040).

Sustainability is the overarching theme of the Master Plan, reflecting its importance to the City of San José, City of Santa Clara, and the tributary agencies. The Master Plan has four main goals developed based on the principles of sustainability:

- Operational: Result in a reliable, flexible plant that can respond to changing conditions
- Economical: Maximize economic benefits for customers through cost-effective options
- Environmental: Improve habitat and minimize impacts to the local and global environment
- Social: Maximize community benefits through improved aesthetics and recreational uses

The implementation of the Master Plan is intended to create a variety of environmental and community benefits:

- Odor Control. Proposed improvements to the Headworks, Primary, and Biosolids processes would reduce odors emanating from the WPCP; reducing odors would primarily benefit downwind receptors: individuals working, shopping, and living east-southeast of the Plant, within the City of Milpitas and portions of north San José, including the project site.
- Improvements to Water Quality through Secondary Filtration and Disinfection Processes. Proposed improvements to these processes, once required, would improve the quality of discharges to San Francisco Bay relative to existing conditions by enhancing removal of constituents associated with adverse effects on aquatic life, and would reduce energy inputs and improve the quality of recycled water.
- Increased Reliability in Plant Operations. Proposed operational improvements and flood control measures to protect the Plant's essential infrastructure are intended to ensure long-term operational reliability in a cost-effective manner. This would benefit the communities that rely on it to provide wastewater treatment and supply recycled water, as well as individual rate payers. The proposed operational improvements would also create a better, safer work environment for the employees that operate the Plant.
- Upland, Wetland and Riparian and Aquatic Habitat. Proposed preservation, restoration, and/or creation of upland, wetland, riparian and aquatic habitat would support state and national efforts to protect threatened and endangered species, and would support regional efforts to protect and preserve habitat and animal corridors. In addition, and as described below, proposed trails would provide public access to portions of these improved habitat areas as well as the nature museum and recreational facilities.
- Economic Development. The development of commercial and light industrial uses within the Master Plan planning area would benefit the City of San José and its tributary agencies by assisting in meeting City goals to become a leader in Clean Technology, creating jobs for residents, and supporting the regional economy. The leasing of Plant lands for development could

also benefit rate payers by generating a supplemental revenue stream to offset some of the Plant's operating costs.

- Recreation. The proposed community park, sports fields, trails, nature museum, and other potential facilities would provide new recreational facilities for use by the surrounding community.

Included in the Master Plan are changes to the way biosolids (the end product from the Facility's tertiary wastewater management process) are managed, which, along with increased odor control measures to be implemented throughout the Facility, lessen the need for extensive bufferlands around the central operations area. The Master Plan proposes to re-designate a portion of the former Facility bufferlands to accommodate future economic development land uses, habitat and flood protection, and recreational land uses. All other land uses proposed to occur within the Master Plan planning area would occur on lands already designated for Public/Quasi-Public and Open Space, Parklands and Habitat uses and would conform to those current designations.

The Public/Quasi-Public land use designation as described in the Envision San José 2040 General Plan anticipates adoption of the Master Plan and so the General Plan does not need to be amended prior to that adoption (see Envision San José 2040 General Plan Public/Quasi-Public Land Use Designation description, Chapter 5, pages 11-12). However, as the Plant Master Plan land use plan identifies future uses of the Facility lands that would be different than those typically supported by the current Public/Quasi-Public designation, should the City Council adopt the Master Plan, the City will need to amend the General Plan Land Use / Transportation Diagram to indicate land use designations consistent with the uses identified in the Master Plan prior to implementation of those uses through land use entitlements (see below: Table 1: Proposed Land Use Changes for the Facility Master Plan). Amendments to the General Plan Land Use / Transportation Diagram are thus an implementation action anticipated to occur subsequent to the Council's adoption of the Plant Master Plan.

On September 26, 2013, the applicant, ESD, initiated a General Plan Amendment request to change the Envision San José 2040 General Plan Land Use/Transportation Diagram designation of a 308-acre portion of the Master Plan planning area from Public/Quasi Public to: Industrial Park (81 acres); Light Industrial (31 acres); Open Space, Parklands and Habitat (180 acres); Neighborhood/Community Commercial (5 acres); and Combined Industrial Commercial (11 acres). (See attached Table 1: Proposed Land Use Changes for the Facility Master Plan and Figure 4: Proposed General Plan 2040 Land Use Designations).

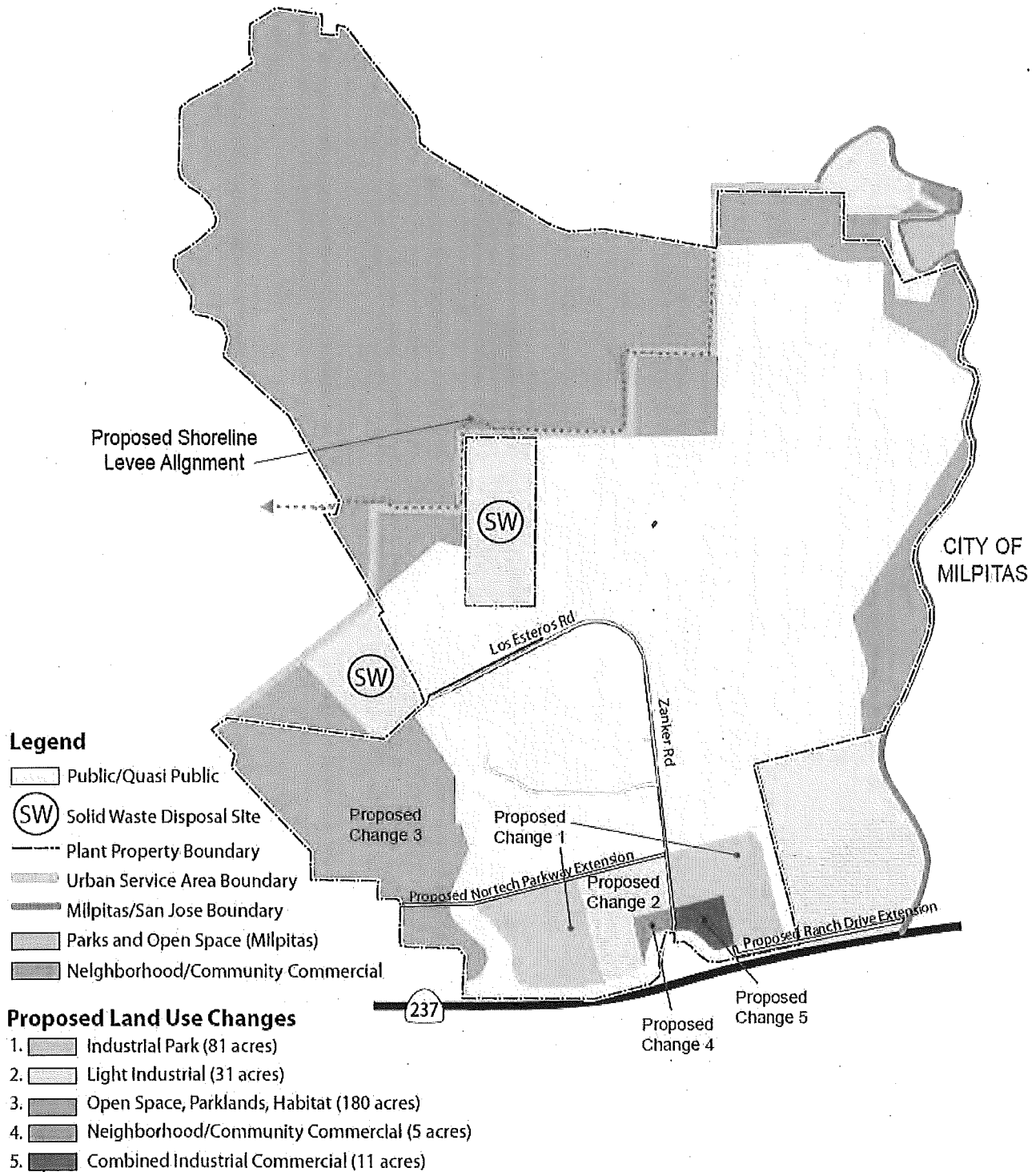
To provide access and connectivity for the land uses envisioned in the Master Plan, the proposed General Plan Amendment would also include the following modifications to the Transportation Diagram:

1. Widening of Zanker Road from two lanes to four lanes;
2. Extension of Nortech Parkway from its current terminus east of North 1st Street to Zanker Road; and
3. Extension of Ranch Drive to run parallel to and north of SR 237 from its current terminus west of McCarthy Boulevard to Zanker Road.

Table 1: Proposed Land Use Changes for the Facility Master Plan

Area *	Existing General Plan	Proposed General Plan	Acreage
1	Public/Quasi Public	Industrial Park	81
2	Public/Quasi Public	Light Industrial	31
3	Public/Quasi Public	Open Space, Parklands and Habitat	180
4	Public/Quasi Public	Neighborhood/Community Commercial	5
5	Public/Quasi Public	Combined Industrial Commercial	11
		Total:	308
* Proposed Land Use Change Area, shown in Figure 4: Proposed General Plan 2040 Land Use Designations			

FIGURE 4: PROPOSED GENERAL PLAN 2040 LAND USE DESIGNATIONS



Site and Surrounding Uses

The approximately 2,680 acre project site consists of 196 acres of wastewater processing operational area within which all mechanical facilities are located, 543 acres of lagoons and drying beds used for solar drying of residual solids from processed wastewater, 214 acres of currently inactive lagoon used until the 1970s for solar drying, and 687 acres of vacant land to the south of the operational area and lagoons that buffers the Facility operations from developments to the south. The wastewater treatment process used at this site is described on the website of the Facility at <http://www.sanjoseca.gov/index.aspx?NID=1663>.

In addition, the site contains Pond A-18 (previously a salt pond used by Cargill) located in the northwest corner of the site next to the Bay Coyote Creek Flood Management levee and associated riparian and floodplain management area managed by the Santa Clara Valley Water District (SCVWD) to the northeast, the lands of former Nine Par Landfill, Zero Waste Energy Development Facility, the South Bay Water Recycling (SBWR) facility site, a municipal water tank and various habitats of sensitive species, such as a bird pond and Salt Marsh Harvest Mouse Management area managed by the SCVWD located in the northeast corner of the site.

Existing uses within the Master Plan project site include the Facility operational area, Residual Solids Management Area, Pond A18, bufferlands, an SCVWD flood control easement, the Nine Par Landfill, the SBWR facility site, and a municipal water tank (see attached Table 2: Existing Land Uses and Figure 5: Existing Land Uses).

TABLE 2: EXISTING LAND USES

Land Use		Area (acres)
<i>Plant Operations</i>		
Operational Area		196
Residual Solids Management Areas	Lagoons, Drying Beds (Active)	543
	Inactive Biosolids Lagoons	214
SBWR Transmission Pump Station and Silicon Valley Advanced Water Purification Center		8
San José Municipal Water System Tank		3
<i>Sub Total</i>		<i>964</i>
<i>Bufferlands</i>		
Bufferlands		687
<i>Sub Total</i>		<i>687</i>
<i>Pond A18</i>		
Pond A18 (former salt pond)		856
<i>Sub Total</i>		<i>856</i>
Santa Clara Valley Water District (SCVWD) Easement		167
Total		2,674

The areas subject to the proposed General Plan Amendment are located in the southernmost portion of the Facility's bufferlands, to the north of State Route 237, on both sides of Zanker Road, in an area vacant of buildings and covered primarily in non-native grass (see attached Figure 4: Proposed General Plan 2040 Land Use Designations and Figure 5: Existing Land Uses).

Site Access

The project site is generally bounded by the San Francisco Bay to the north, Interstate 880 to the east, State Route 237 to the south, and the community of Alviso to the west. Primary access to the project site is via Zanker Road-Los Esteros Road, with additional access provided via North 1st Street. Trucks hauling biosolids to the Newby Island Sanitary Landfill use an internal road through the biosolids lagoons to access the landfill's roadway network.

Transit, Bicycle, and Pedestrian Access

The project site and its immediate environs are not directly served by transit, although a limited number of VTA bus routes operate in the area. The closest VTA Light Rail (LRT) route is the 901 line between Santa Teresa and Alum Rock.

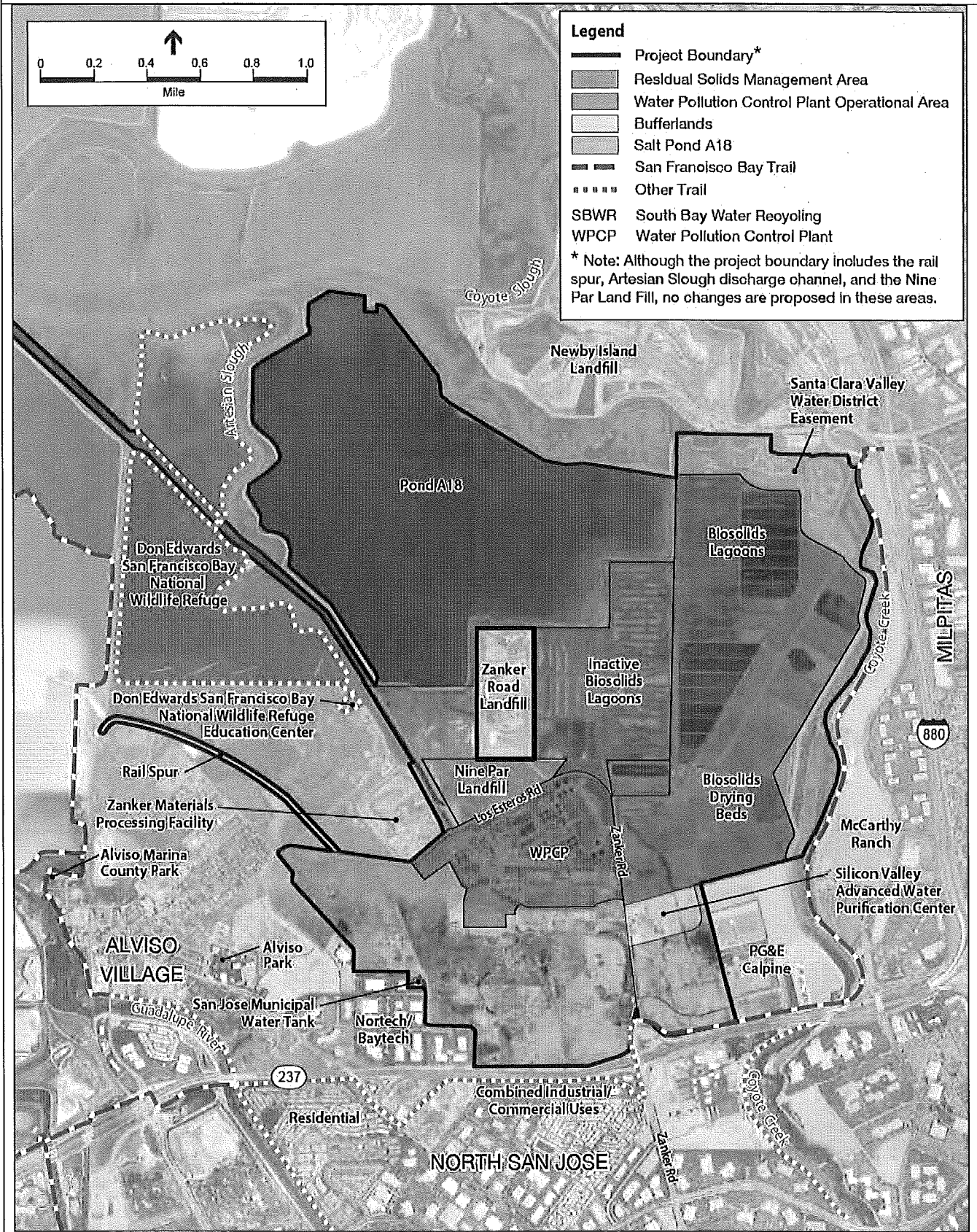
For bicycle access, there is a Class I trail (bicycle paths separated from roads) that extends south of and parallel to SR 237 starting at the Zanker Road/SR 237 Westbound ramp intersection and heading west. Additionally, there are Class II bicycle lanes (striped bicycle lanes within the paved areas of roadways) provided on Zanker Road, south of the SR 237 Eastbound ramp intersection. In June 2012, an additional Class I bicycle path was constructed near the project site. This path lies north of and parallel to SR 237, starting at the Zanker Road/SR 237 Westbound ramp and continuing east toward the northern stretch of Coyote Creek Trail/Bay Trail. Both the Alviso Master Plan and the Envision San José 2040 General Plan call for improved bicycle facilities to encourage more bicycling trips for both commuting and recreation.

The project site has limited pedestrian access, and no sidewalks are provided within the project site. A sidewalk is provided on the west side of Zanker Road starting at the Zanker Road/SR 237 Westbound ramp intersection and extending south on Zanker Road away from the project site.

The San Francisco Bay Trail (Bay Trail) is a bike and pedestrian trail that, when completed, would circumnavigate the shoreline of the San Francisco Bay with approximately 500 miles of continuous path and provide recreational opportunities for cyclists, hikers, joggers, and outdoor enthusiasts. This trail also provides important transportation benefits as a commute alternative for cyclists as well as connections to a number of transit facilities. The Association of Bay Area Government's (ABAG) San Francisco Bay Trail Project Gap Analysis Study identified, classified, and catalogued existing gaps in the Bay Trail. The Gap Analysis identified 12.79 miles of trail gaps in Santa Clara County. Many of the identified gap segments run through the Alviso community and the project site.

The City of San José Bay Trail Master Plan provides a framework, including recommended trail alignments, design guidelines, prioritizations, strategies, and potential funding sources for implementation of the San José segment of the San Francisco Bay Trail project. Once built, the San José portion of the trail would be approximately 13 miles in length and follow the shore and some roadways in Alviso. In the vicinity of the WPCP, the Bay Trail Master Plan depicts planned segments of the San José reaches of the Bay Trail as following Los Esteros and Zanker Roads, traversing the Plant lands just north of the South Bay Water Recycling Transmission Pump Station and Silicon Valley Advanced Water Purification Facility and south of the drying beds, and extending south parallel to and west of Coyote Creek.

FIGURE 5: EXISTING LAND USES



Land uses in the vicinity of the project site are as follows (see attached Figure 5: Existing Land Uses):

Zanker Road Landfill and Zanker Materials Processing Facility: Zanker Road Landfill is situated in the center of, but is not part of the Master Plan planning area. The Zanker Materials Processing Facility is just west of the Nine Par Landfill and northwest of the Facility's central operational area. Both the Zanker Road Landfill and the Zanker Materials Processing Facility include one-story buildings; recycle sorting machinery, and material piles. The Zanker Materials Processing Facility accepts and handles a mixture of waste loads from general public and commercial waste haulers. Current operations include sorting of recyclable materials (i.e., wood, metal, plastics) from incoming materials, processing of some of these materials into reusable products; temporary storage of materials and finished products; and onsite landfilling of the residual non-recyclable materials.

ZWED Facility: The Zero Waste Energy Development Facility (ZWED Facility) is a dry fermentation Anaerobic Digestion facility that processes and recovers energy from the organic portion of commercial solid waste generated by San Jose and also the organic waste of surrounding communities. The ZWED Facility is located on Los Esteros Road, to the southwest of the Zanker Road Landfill, on land leased from the San José-Santa Clara Regional Wastewater Facility.

Newby Island Sanitary Landfill: The Newby Island Sanitary Landfill is north of the Master Plan planning area. Although the address and public street access to the landfill are within Milpitas (1601 Dixon Landing Road, Milpitas), the landfill is entirely within the incorporated boundaries of San José. This facility encompasses more than 342 acres; the permitted landfill footprint is 313 acres. The City recently approved of the Newby Island Sanitary Landfill and Recyclery Rezoning, which allows the maximum height of the active portion of the landfill to be raised to 245 feet, adding 15.12 million cubic yards to the capacity of the landfill.

Don Edwards San Francisco Bay National Wildlife Refuge: The approximately 30,000-acre Don Edwards San Francisco Bay National Wildlife Refuge (Don Edwards National Wildlife Refuge) borders the project site to the north and west. The refuge provides breeding and foraging habitat for many bird species. The refuge includes a variety of estuarine habitats, former salt ponds, and associated rare plant and animal species. Because the refuge is part of the Pacific Flyway, a major north-south route of travel for migratory birds in the Americas, numerous migrating waterbirds are in the area throughout much of the year. The Refuge's environmental education center is located near Artesian Slough approximately 0.7 mile northwest of the Facility's central operational area.

Recreational Uses: Recreational uses in the vicinity of Master Plan planning area include two segments of the San Francisco Bay Trail, Alviso Park Field, and the Alviso Marina County Park. The City of Milpitas' Coyote Creek Trail is adjacent to the eastern bank of Coyote Creek and extends between Ranch Drive and Dixon Landing Road, and the Highway 237 bikeway, which runs in two main segments. One segment of the Highway 237 bikeway extends between Ranch Drive and Zanker Road (parallel to the westbound side of SR 237) and the other segment extends between McCarthy Ranch Boulevard and Gold Street along the eastbound side of SR 237. A planned portion of the San Francisco Bay Trail (Bay Trail) would also provide connectivity between the southeastern corner of the Plant to the Ranch Drive entrance of the Coyote Creek Trail. Other trails in the vicinity of the Master Plan planning area include the Lower Guadalupe River Trail to the southwest, Coyote Creek Trail (in San José, extending south of SR 237), and the Alviso Slough Trail and Mallard Slough Trail to the west.

Alviso Village and Surrounding Land: Alviso Village, annexed by the City of San José in 1968, is located approximately 0.6 mile west of the Facility's operational area and adjacent to the western side of the Master Plan planning area. The areas of Alviso Village nearest the Master Plan planning area are residential, primarily consisting of single-family houses and duplexes. There are approximately 700 households in the core residential area of Alviso; the remainder of Alviso Village is more loosely

developed with a mixture of small-scale commercial, industrial, residential, and public uses. The western portion of Alviso Village is listed as a Historic District on the National Register of Historic Places and is a California Point of Historic Interest, recognized as a place of major economic importance to the South Bay between the early nineteenth and early twentieth centuries. The area east of Alviso Village is planned for Combined Industrial/Commercial uses. Less than half of the industrial area is developed and most of that area is north of SR 237 and east of 1st Street.

Nortech/Baytech and Vicinity: Office/research and development facilities are located southwest of the bufferlands. Within this area are two churches, including the Jubilee Christian Center and Korean Emmanuel Presbyterian Church, as well as the Jubilee Christian Children's Center, both located approximately 0.5 mile southwest of the Facility operational area. Land uses immediately south of SR 237 include industrial park and commercial uses.

PG&E and Calpine Los Esteros Critical Energy Facility: The PG&E substation and Los Esteros Critical Energy Facility are located adjacent and to the southeast of the Master Plan planning area. The Los Esteros Critical Energy facility is a combined-cycle generation facility capable of generating up to 309 megawatts of electricity. The facilities consist of transformers and switching devices that convert the high-voltage electricity from incoming transmission lines to lower voltage, and distribute electricity to nearby consumers.

McCarthy Ranch Strip Lease and Vicinity: The 6-acre McCarthy Ranch strip lease, purchased by the City in 1998, lies to the east of the Master Plan planning area along the eastern bank of Coyote Creek. The strip is approximately 100 feet wide for much of its length and about 2,400 feet long. Although the strip is within the City of Milpitas, it is owned in fee title by the Facility and is leased for farming purposes. The Facility has control of the development rights of the "McCarthy strip" until August 2060. The McCarthy Ranch-owned lands east of the strip (i.e., the area between the Master Plan planning area and Interstate 880), consists primarily of large-scale commercial businesses. Two residences along Ranch Drive (one of which is on the Cilker Orchards property) are located to the south of the McCarthy Ranch strip lease and west of the Coyote Creek trail entrance. These residences are approximately 0.8 mile southeast of the Facility operational area.

Existing General Plan Designation: Public/Quasi Public (308 acres)

The approximately 2,680 acre Master Plan area, which includes the central operations area and the bufferlands is currently designated Public/Quasi Public (PQP). The proposed General Plan Amendment would redesignate approximately 308 acres to reflect the Master Plan. The remainder of the Master Plan area would remain designated PQP. (See Table 2: Land Use Designations and Proposed Land Uses under the Master Plan)

The *Envision San Jose 2040 General Plan* Land Use Designation description for PQP indicates that the PQP designation applies to public land uses, including water treatment facilities. One of the larger areas within the City designated as PQP is the City-owned buffer lands surrounding the Water Pollution Control Plant and the Facility Master Plan process is recognized in the *Envision San José 2040 General Plan* description of the PQP Land Use Diagram designation:

Due to planned changes to the Plant's operations, it is anticipated that the current extensive buffer land area will not be needed in the future. The City is currently in the process of preparing a Master Plan for reuse of these buffer lands for a variety of new uses, including additional employment capacity. Accordingly the *Envision General Plan* includes job growth capacity for the buffer land area to support future expansion of employment uses. Upon completion of the Plant Master Plan, the City may amend the

Envision General Plan Land Use / Transportation Diagram and Plan policies to incorporate the outcome of the Plant Master Plan process. (Envision San José 2040 General Plan Public/Quasi-Public Land Use Designation description, Chapter 5, pages 11-12)

Table 2: General Plan Land Use Designations and Proposed Land Uses under the Master Plan			
General Plan		Proposed Land Use	Acreage
	Public/Quasi Public	<ul style="list-style-type: none"> • Wastewater Facility Operations • Renewable Energy Development • Flexible Space 	2366
(GPA)	Industrial Park	• Economic Development – Office/R&D	81
(GPA)	Light Industrial	• Economic Development – Light Industrial	31
(GPA)	Open Space, Parklands and Habitat	<ul style="list-style-type: none"> • Habitat • Flood Protection Levee • Recreation • Flexible Space 	180
(GPA)	Neighborhood/Community Commercial	• Economic Development – Retail	5
(GPA)	Combined Industrial Commercial	• Economic Development – Office/R&D and/or Retail	11
		Total:	2674
Note: (GPA) = Lands currently designated P/QP that are subject to the proposed General Plan Amendment			

Proposed General Plan Designation: Industrial Park (81 acres)

The proposed Industrial Park (IP) designation is applied to areas intended for a wide variety of industrial uses such as research and development, manufacturing, assembly, testing, and offices. The IP designation would allow the Office/R&D uses envisioned in the Master Plan. It should be noted that, while the General Plan 2040 Industrial Park designation allows a Floor Area Ratio (FAR) up to 10.0 (2 to 15 stories), the proposed Master Plan limits the FAR of Industrial Park uses, named “Office/R&D” in the Master Plan, to 1.2 (up to 8 stories). (Envision San José 2040 General Plan Chapter 5, Industrial Park Land Use Designation, page 10)

Proposed General Plan Designation: Light Industrial (31 acres)

As described in the General Plan, the proposed Light Industrial (LI) designation is applied to areas intended for a wide variety of industrial uses and excludes uses with unmitigated hazardous or nuisance effects. Changing the land use designation of 31 acres of Facility bufferlands from P/QP to LI designation would facilitate the implementation of the Light Industrial uses envisioned in the Master Plan, which, along with the development of commercial uses, is an intended benefit of the Master Plan, in that such economic development would benefit the City of San José and its tributary agencies by assisting in meeting City goals to become a leader in Clean Technology, creating jobs for residents, and supporting the regional economy. It should be noted that, while the Envision San José 2040 General Plan LI designation allows an FAR up to 1.5 (1 to 3 stories), the proposed Master Plan limits the FAR of LI uses to 0.55 (up to 2 stories) (Envision San José 2040 General Plan Chapter 5, Light Industrial Land Use Designation, page 10)

Proposed General Plan Designation: Open Space, Parklands and Habitat (180 acres)

The proposed Open Space, Parklands and Habitat designation is applied to publicly or privately owned areas that are intended for low intensity uses. Lands in this designation are typically devoted to open space, parks, recreation areas, trails, habitat buffers, nature preserves and other permanent open space areas. Changing the Land Use Diagram designation of 180 acres of Facility bufferlands located in the southwestern portion of the Master Plan planning area from Public/Quasi Public to Open Space, Parklands and Habitat would reserve that land for nesting and foraging habitat for the western burrowing owl, as envisioned in the Facility Master Plan. (Envision San José 2040 General Plan Chapter 5, Open Space, Parklands and Habitat Land Use Designation, pages 17-18)

Proposed General Plan Designation: Neighborhood/Community Commercial (5 acres)

The proposed Neighborhood/Community Commercial designation supports a broad range of commercial activity, including commercial uses that serve the communities in neighboring areas, such as neighborhood serving retail and services and commercial/professional office development. Changing the land use designation from Public/Quasi Public to Neighborhood/Community Commercial for a portion of the bufferlands near State Route 237 would facilitate the implementation of Retail Commercial uses envisioned in the Master Plan, which includes an objective to locate economic development on Facility lands to maximize viability and visibility. It should be noted that, while the General Plan 2040 Neighborhood/Community Commercial designation allows an FAR up to 2.0 (1 to 4 stories), the Master Plan limits the FAR of Neighborhood/Community Commercial uses, named "Retail Commercial" in the Master Plan, to 0.26 (1 to 2 stories). (Envision San José 2040 General Plan Chapter 5, Neighborhood/Community Commercial Land Use Designation, page 9)

Proposed General Plan Designation: Combined Industrial/Commercial (11 acres)

The proposed Combined Industrial/Commercial (CIC) designation allows a significant amount of flexibility for the development of a varied mixture of compatible commercial and industrial uses, including hospitals and private community gathering facilities. Redesignating a portion of the Facility's southern bufferlands at a highly visible location near State Route 237 to CIC would facilitate the implementation of economic development uses while allowing the flexibility of either Office/R&D and/or Retail, including larger big-box type development, land uses to be located there. The leasing of such spaces for development could also benefit the Facility's rate payers by generating a supplemental revenue stream to offset some of the Facility's operating costs. It should be noted that, while the General Plan 2040 Combined Industrial Commercial designation allows a Floor Area Ratio (FAR) up to 12.0 (1 to 24 stories), the Master Plan limits the FAR of Combined Industrial/Commercial uses to 1.2 (up to 8 stories). (Envision San José 2040 General Plan Chapter 5, Combined Industrial/Commercial Land Use Designation, pages 9-10).

ANALYSIS

The proposed General Plan Amendment implements the various land uses envisioned for the southern bufferlands in the Master Plan and the Envision San José 2040 General Plan, including lands for future economic development, habitat and flood protection, and recreation. All other land uses proposed to occur within the Master Plan planning area would occur on lands already designated for Public/Quasi-Public uses and would conform to that current designation.

Consistency with the Envision San José 2040 General Plan Major Strategies, Goals, and Policies

The proposed General Plan Amendment is consistent with the major strategies, goals, policies, and actions of the Envision San José 2040 General Plan, specifically:

1. Major Strategy #4 – Innovation/Regional Employment Center, which emphasizes economic development within the City to support San José's growth as a center of innovation and regional employment through planning for new jobs and adding new employment lands.
2. Major Strategy #7 – Measure Sustainability/Environmental Leadership, which contains multiple policies to support implementation of environmental best practices that will minimize resource consumption, reduce contribution to climate change and preserve the natural environment.
3. Major Strategy #10 – Life Amidst Abundant Natural Resources, which promotes access to the natural environment by calling for implementation of a trail network, preservation of open space and addition of parks and other recreational facilities to serve existing and new populations.
4. General Plan Annual Review and Measurable Sustainability Policy IP-3.4, as the General Plan Amendments necessary to adopt the Facility Master Plan maintain without diminishing the total planned job growth capacity for the City.
5. Land Use and Employment Policy IE-1.1, as the Facility Master Plan retains land capacity for employment uses in San José, protects and improves the quantity and quality of lands designated exclusively for industrial uses, especially those that are vulnerable to conversion to non-employment uses.
6. Land Use and Employment Policy IE-1.2, as the Facility Master Plan retains and expands a strategic mix of employment activities at an appropriate location to support a balanced economic base, including industrial suppliers and services, commercial/retail support services, clean technologies, life sciences, as well as high technology manufacturers and other related industries.
7. Promote Fiscally Beneficial Land Use Policy FS-4.1, as the project will preserve and enhance employment land acreage and building floor area capacity for various employment activities because they provide revenue, near-term jobs, contribute to our City's long-term achievement of economic development and job growth goals, and provide opportunities for the development of retail to serve individual neighborhoods, larger community areas, and the Bay Area.
8. Promote Fiscally Beneficial Land Use Policy FS-4.5, as the project will expand the total amount of land with a Light Industrial designation.
9. General Land Use Action LU-1.10, as appropriate land use policies developed as part of the Water Pollution Control Plant Master Plan process are to be incorporated into the Envision General Plan, to more clearly identify the distribution of jobs in that area.
10. Zoning Conformance, As shown in Figure 3: Zoning, the existing zoning designations for a portion of southern bufferlands area are inconsistent with the economic development uses proposed for those areas in the Master Plan. Although the project would temporarily result in an inconsistency with the existing zoning, future rezoning of these areas to be consistent with proposed General Plan designations would eliminate this inconsistency.

Alviso Master Plan

The Envision San José 2040 General Plan incorporates the Alviso Master Plan, the principal document governing growth and development within the Alviso planning area (which includes the Master Plan planning area). The Alviso Master Plan, adopted in 1998, fosters transit-oriented development, historic preservation, mixed uses, sensitivity to surrounding neighborhoods, and other strategic goals. The Alviso

Master Plan describes the vision for future land use development in and around the community of Alviso, located to the west of the Facility Master Plan planning area off of North 1st Street, north of SR 237.

Through adoption of the Facility Master Plan, the City would establish newer, more specific land use guidance for a specific area within the City, including the Alviso area. Development on lands within the Master Plan planning area would be subject to the policies and guidelines in the Master Plan; lands outside of the project site would be subject to policies and guidelines in the Alviso Master Plan. Thus, the Alviso Master Plan does not need to be amended.

Land Use Compatibility

The wastewater facility infrastructure improvements to be implemented in the Facility Master Plan would consolidate wastewater treatment operations within the future proposed operational area, which would extend north of Los Esteros Road. Existing biosolids management activities currently occurring on approximately 757 acres of (active and inactive) lagoons and drying beds would be converted to mechanized processes and consolidated into a roughly 200-acre area north of the existing operational area. Other proposed changes to Facility operations include changes to existing and construction of new facilities associated with headworks, primary, secondary, and filtration and disinfection operations; remediation of the legacy biosolids area; retirement of the eastern biosolids lagoons and drying beds; construction of solar power facilities; and improvements to support facilities, roadways, and landscaping. All such wastewater facility uses are consistent with the existing Public/Quasi Public designation and the City Council Policy on the Use of Plant Lands, in that they would help the Facility maintain compliance with the Facility's National Pollutant Discharge Elimination System (NPDES) permit, would not be expected to constrain the Facility's ability to respond to potential future requirements, and would provide "dual use" (e.g., economic and environmental) benefits.

The land uses proposed to occur outside the Facility's operational area would occur on lands currently designated for Public/Quasi-Public and Open Space, Parklands, and Habitat uses. The Envision San José 2040 General Plan anticipated such uses of the bufferlands, including the provision of additional employment capacity and supports an additional 25,520 jobs and 70 additional dwelling units within Alviso (Envision San José 2040 General Plan Appendix 5: Planned Job Capacity and Housing Growth Areas by Horizon). Of those totals, 15,400 jobs are assumed to be located within the Master Plan planning area. So, while the General Plan Land Use Diagram would need to be revised to ensure consistency with the land uses envisioned in the Master Plan, the economic development uses in the Master Plan are implementing the jobs numbers already considered in the approved General Plan. With the proposed General Plan Amendment, the Master Plan would be consistent with the Envision San José 2040 General Plan land use designations in addition to the overall vision and policies of the General Plan with which the proposed Master Plan is already consistent.

The Master Plan would locate the economic development uses near State Route 237 on both sides of Zanker Road in the southern portion of the Master Plan planning area. This location is consistent with the Master Plan objective to locate economic development uses to maximize viability and visibility. The proximity to State Route 237 provides both convenient access to the proposed commercial and industrial uses and is highly visible.

Roadway System

As development occurs, the Master Plan planning area would be connected by an arterial roadway that connects Nortech Parkway to Zanker Road. Nortech Parkway would extend east from its current terminus east of North 1st Street to Zanker Road and would consist of two lanes. Zanker Road would be expanded from two lanes to four lanes to accommodate the additional capacity. The proposed Ranch Drive

extension would extend parallel to and north of SR 237 and would consist of two lanes. All other secondary roads would be determined by the development needs. Consistent with the Envision San José 2040 General Plan, roadways developed within the Master Plan planning area would provide a network of “complete streets” that accommodate multiple users with different mode preferences (e.g., driving, biking, walking). The specific facilities that would be provided (such as bicycle lanes, landscaping, sidewalks and transit stops) would depend on the location and type of roadway.

The trigger for the construction of the new roads would be determined based on future Traffic Impact Analysis to be done when proposals for future economic development projects are received, allowing more detailed, project-level review, in conformance with CEQA. For conceptual, long-range planning purposes only, estimated triggers are provided below. These estimates are based on demand and capacity of the outbound traffic in the PM peak hour – the highest directional traffic on an average day – for approximately 15,000 jobs.

- 2-lane Zanker Road would allow up to 1 million square feet (msf) of office/industrial development. Development capacity above 1 msf will require widening of Zanker Road to 4 lanes.
- 4-lane Zanker Road would allow up to 2 msf. Development above 2 msf will require construction of Ranch Drive Extension.
- 4-lane Zanker Road and 2-lane Ranch Drive Extension would allow up to 2.8 msf of development. Development over 2.8 msf will require construction of the Nortech Parkway extension to Zanker Road.

California Environmental Quality Act (CEQA)

The environmental impacts of this project were addressed by an Environmental Impact Report entitled “San José/Santa Clara Water Pollution Control Plan Master Plan” (“Master Plan EIR” or “Final EIR”) to be heard and considered for certification by the City of San José Planning Commission on October 30, 2013. The Master Plan EIR serves as both a program and a project EIR for the Master Plan, which includes some proposed upgrades to the Facility reviewed at a project level of detail, some proposed upgrades to the Facility reviewed at a program level of detail, and other uses of Plant lands reviewed at a program-level. The distinction between project-level review and program-level review under CEQA is described later in this staff report, beginning on page 25.

The Draft EIR was circulated for public review from January 11, 2013 through March 13, 2013, which included the 45 day public circulation required by CEQA and a 15 day extension requested by ESD staff to allow additional opportunity for public input. A total of 43 comment letters, which included over 300 comments, were received from US and State Resource Agencies, non-profit and environmental organizations, the Facility’s tributary agencies, neighboring cities, private property owners adjacent to the Facility, and other interested individuals (see attached Table 3: DEIR Comments Received – Organized by Major Topic Areas (Partial List)). Comments included, but were not limited to, project impacts related to: special status, endangered, and threatened species, including burrowing owls, salt marsh harvest mouse, western snowy plover, California seablite, California clapper rail, Congdon’s tarplant; and species associated with serpentine habitats; sea level rise and flood protection; odor; geology; adequacy of range of alternatives analyzed; noise; traffic; wetlands mitigation; the Bay Trail; Coyote Creek; geology; hazardous materials; cultural resources; and aesthetics. All comments on the DEIR have been addressed in the First Amendment to the DEIR. The First Amendment, taken together with the Draft EIR, constitutes the Final EIR. The First Amendment was circulated on October 18, 2013 to DEIR commentators. The DEIR and the First Amendment to the DEIR are available for review on the Planning Division website at: <http://www.sanjoseca.gov/index.aspx?nid=2434>.

Table 3: DEIR Comments Received – Organized By Major Topic Areas (Partial List)

Major Topic Area	Commentators	Comments
Alternatives	<u>Agencies:</u> West Valley Sanitation District <u>Organizations:</u> Citizens Committee to Complete the Refuge (CCCR), Santa Clara Valley Audubon Society (SCVAS), SF Baykeeper (SFB), Committee for Green Foothills, Sierra Club, Save the Bay (STB)	29
Flood Control Levee	<u>Agencies:</u> SCVWD <u>Organizations:</u> Sierra Club, CCCR, SCVAS, SFB	9
Nitrogen Deposition / Growth Inducement	<u>Agencies:</u> U.S. Fish and Wildlife Service (USFWS), California Department of Fish and Wildlife (CDFW) <u>Organizations:</u> CA Native Plant Society	3
Odor	<u>Agencies:</u> City of Milpitas <u>Organizations:</u> CCCR, SCVAS	13
Project- vs. Program-level Analysis	<u>Agencies:</u> West Valley Sanitation District, Cupertino Sanitation District <u>Organizations:</u> CCCR, SFB, SCVAS	12
Western Burrowing Owl Impacts	<u>Agencies:</u> CDFW <u>Organizations:</u> CCCR, SCVAS <u>Individuals:</u> Lynn Trulio	31
Wetlands	<u>Agencies:</u> RWQCB <u>Organizations:</u> CCCR, GA, SF Baykeeper, SCVAS, STB	15

As part of the preparation of the Final EIR, the City is required under CEQA to respond to environmental questions and comments received on the Draft EIR. Based in part on information included in the comment letters received by the City on the Draft EIR, edits were made to the EIR. The edits included clarifications and additional details that were considered necessary to provide a greater comfort level and understanding relative to the effectiveness of the EIR mitigation measures in mitigating impacts from the proposed project. The City and its consultants spent additional time and effort on the refinement of mitigation measures for burrowing owls, wetlands, nitrogen deposition, and future sea level rise and flooding. A brief discussion of each of these topics, as well as discussion of the adequacy of the alternatives analysis and the distinction of program-level versus project-level review is provided below. Complete responses to all comments received on the DEIR are provided in the First Amendment to the DEIR.

Burrowing Owls

The Master Plan presents an opportunity to improve the quality of the habitat and expand the current population of the western burrowing owl, which is listed as a State Species of Special Concern by the California Department of Fish and Wildlife. The Facility lands provide one of the last remaining homes for the owls within Santa Clara County; as of May 2012, at least four pairs of owls were known to occur within the western portion of the Master Plan planning area. With the implementation of the Master Plan, approximately 180 acres would be reserved for nesting and foraging habitat. The intent of this area is to meet mitigation requirements for the Master Plan and potentially other development within Santa Clara County. Protection and maintenance of the owl habitat would be provided under the terms of specific mitigation agreements. Of this 180-acre burrowing owl habitat area, three acres will provide compensatory mitigation for the 0.9 acre of impacts to Occupied Habitat that will result from Project-level impacts. Those impacts would occur in an area that is outside of the permit area covered by the Santa Clara Valley Habitat Plan (“SCVHP”) (see First Amendment to the DEIR revised Figure 4.7-3) and thus cannot be mitigated through payment of the burrowing owl mitigation fees described in the SCVHP. The remaining 177 acres are included as burrowing owl habitat as part of the Master Plan but are not mitigation for habitat loss associated with the Master Plan. The 177-acre burrowing owl area has been

incorporated as a conservation element of the project. The Draft EIR addresses western burrowing owl in Chapter 3, Appendix J, and Section 4.7, Biological Resources. (For further discussion of the SCVHP in relation to burrowing owl habitat mitigation for this project, please see “Consistency with Santa Clara Valley Habitat Plan” below.)

Comments expressed concern about the way the Draft EIR characterized burrowing owl habitat and how impacts to burrowing owl habitat were calculated. Concerns include:

- Characterization of burrowing owl habitat and project impacts
- Adequacy of Western Burrowing Owl Mitigation Measures
- Consistency with Santa Clara Valley Habitat Plan
- Cumulative Impacts on Burrowing Owl Habitat

Characterization of burrowing owl habitat and project impacts: Many of the comments expressing concern about the way the Draft EIR characterized burrowing owl habitat and how impacts to burrowing owl habitat were calculated either reference or reiterate points made by the California Department of Fish and Wildlife (CDFW), which assert that the amount of burrowing owl habitat affected by the project is much larger than that presented in the Draft EIR, the proposed burrowing owl mitigation is inadequate, and the mitigation should be consistent with the burrowing owl conservation strategy that is part of the SCVHP. Specifically, habitat types used for the purposes of determining impacts should include alkali grasslands, non-native grasslands, and disturbed/ruderal areas. CDFW further asserts that the total amount of useable habitat on the Plant lands is approximately 603 acres and total impacts to burrowing owl habitat would exceed 450 acres.

In response to the comments, the EIR’s burrowing owl habitat impact analysis has been revised in the Final EIR. The revised EIR analysis now designates “Occupied Habitat” in all areas that are either nesting habitat for burrowing owl (as documented over the last three years), or foraging habitat, which is defined as habitat within 0.5-mile of nesting areas. This is consistent with the approach developed by the CDFW, the U.S. Fish and Wildlife Service (USFWS), and species experts involved in the SCVHP, and with recommendations provided by several commentators. All alkali grassland, non-native grassland, and disturbed/ruderal areas within Occupied Habitat are considered within the scope of the revised biological resources analysis. Based on that analysis, there are 408 acres of burrowing owl Occupied Habitat. Of these 408 acres, a maximum of 255.4 acres would be adversely affected by implementation of the project (depicted as “Acres of Ground Disturbance within Occupied Habitat” in revised Figure 4.7-3). Nearly all of these impacts would occur due to implementation of proposed economic development land use changes in the bufferlands, as opposed to improvements to WPCP facilities and operations.

Adequacy of Burrowing Owl Mitigation Measures: Commentators expressed concern about the ability of Mitigation Measure BIO-2e Burrowing Owl Measures to adequately protect and mitigate for program- and project-level impacts to burrowing owls and burrowing owl habitat. Specifically, the commentators assert that the 180 acres to be set aside for western burrowing owl nesting and foraging habitat would not adequately offset the net loss of burrowing owl habitat due to the proposed project because 1) a portion of the acreage is wetlands that will provide reduced habitat value in wet years, 2) the proposed Nortech Parkway extension that passes through the area will fragment and degrade the area, 3) the preservation of Congdon’s tarplant restricts enhancement in the area, and 4) the planting of trees along Artesian Slough can provide perches for predators or burrowing owls.

Mitigation Measure BIO-2e Burrowing Owl Measures has been revised to ensure that program-level Facility improvements and other proposed land uses that result in the loss of burrowing owl habitat mitigate for that loss by paying the Burrowing Owl Fee through the Santa Clara Valley Habitat Plan. In response to specific comment topic areas:

- 1) Reduced habitat value in wet years. As noted by some commentators, the 408 acres of occupied burrowing owl habitat includes a 180-acre "burrowing owl area," and these 180 acres include seasonal wetlands. Some commentators have questioned whether such wet areas can properly support burrowing owls. However, burrowing owls have been documented in these areas in 2011 and 2012, so these areas are considered suitable habitat. These wetlands are part of the reason burrowing owls have persisted in the area. The habitat diversity, particularly wetland habitats, supports insects and other invertebrates that make up most of the diet of burrowing owls.
- 2) Fragmentation due to Nortech Extension. As noted by some commentators, the future use of the proposed Nortech Parkway extension would bisect the burrowing owl habitat could adversely affect burrowing owls, particularly during the nesting period. The roadway itself would result in an approximately two-acre reduction in burrowing owl habitat. Also, the road would create the potential for burrowing owls to be struck by passing vehicles if the owls nest on one side of the road and forage on other side. However, based on numerous reports of burrowing owls successfully nesting next to roadways, sidewalks, and train tracks in the South Bay Area, the effects of the roadway on burrowing owls are expected to be low. Currently Zanker Road and Disc Drive run adjacent to the bufferlands. Both roadways are fenced and burrowing owls continue to nest at the bufferlands, allowing for the conclusion that the roads are not effecting the ability of the owls to successfully nest nearby. The Nortech Extension would have similar characteristics supporting the conclusion that the new roadway would not significantly impact nesting burrowing owls on the bufferlands. Road speeds for the new roads are expected to be approximately 40 mph, below the 55 mph speed at which a majority of wildlife collisions would be expected to occur¹.
- 3) Conflict with Congdon's Tarplant Mitigation. Commentators assert that preservation of Congdon's tarplant, a special-status plant species, restricts burrowing owl enhancement in the 180-acre burrowing owl area. Specifically, there is concern that the need to avoid Congdon's tarplant individuals will limit the areas that can be mowed (mowing is used to reduce vegetation heights near burrowing owl nests to provide short grass habitat burrowing owls prefer). In response, enhancements proposed for Congdon's tarplant now include mowing before spring growth and after late summer seeding. The timing of these management actions is flexible and has been written into the Congdon's tarplant mitigation measure to also enhance burrowing owl habitat during the proper time of year (prior to the onset of nesting and after the fledging of young). Mowing to enhance habitat for burrowing owl in areas where Congdon's tarplant occurs will be curtailed during the blooming period for Congdon's tarplant.
- 4) Increased Predation on Burrowing Owls. To address concerns regarding increased predation on burrowing owls, the burrowing owl mitigation measure has also been revised to eliminate potential habitat for predatory raptors that perch and nest in trees by prohibiting the planting of trees in the burrowing owl habitat area.

Implementation of the revised mitigation measures included in the Final EIR would adequately reduce the Master Plan's impacts on burrowing owl habitat to a less-than-significant level.

Consistency with Santa Clara Valley Habitat Plan: Some commentators on the Draft EIR assert that the Draft EIR lacks discussion of the burrowing owl conservation strategy in the SCVHP, which aims to protect several hundred acres of burrowing owl habitat permanently and to manage several thousand acres under temporary agreements in the South Bay Area (discussion of such agreements is provided in SCVHP Appendix M. Western Burrowing Owl Conservation Strategy, pages M-3 to M-6).

¹ M.P. Huijser, P. McGowen, J. Fuller, A. Hardy, A. Kociolek, A.P. Clevenger, D. Smith and R. Ament. Wildlife-Vehicle Collision Study: Report to Congress. August 2008.

The SCVHP provides a framework for promoting the protection and recovery of natural resources, including endangered species, while streamlining the permitting process for planned development, infrastructure, and maintenance activities. The Plan allows the County of Santa Clara (County), the Santa Clara Valley Water District (SCVWD), the VTA and the cities of Gilroy, Morgan Hill, and San José (collectively, the Local Partners or Permittees) to receive endangered-species permits for activities and projects they conduct and those under their jurisdiction within the Plan area.

While the SCVHP includes the Facility bufferlands among a list of public and private lands where enhanced management may be secured to meet SCVHP needs, the SCVHP does not rely on the Master Plan lands to meet the goals of the burrowing owl conservation strategy. In fact, the SCVHP includes the activities that will occur on the bufferlands under the Facility Master Plan as covered activities, meaning they can receive species take authorization under the SCVHP, consistent with the requirements of the SCVHP (see SCVHP Chapter 2. Land Use and Covered Activities, Section 2.2.1 Existing Conditions and Section 2.3.2 Urban Development). Concern that economic development on the Master Plan lands will cause extirpation of the species locally is unfounded. While population numbers are low, burrowing owls persist on other sites in Santa Clara County.

General consistency of the Master Plan with the SCVHP is addressed under Impact BIO-7 (Draft EIR pages 4.7-62 and 4.7-63). Regarding conflicts between the Master Plan and the SCVHP, proposed land uses within the SCVHP permit area are covered activities in the SCVHP. As previously mentioned, there are 0.9 acres of impacts to Occupied Habitat that will occur in an area that is outside of the SCVHP permit area and thus cannot be mitigated through the SCVHP. Instead, the Master Plan will provide as compensatory mitigation three acres of the 180-acre burrowing owl habitat. With the revisions to Mitigation Measure BIO-2e, discussed previously, the EIR's mitigation approach for covered activities within the SCVHP permit area is now consistent with the SCVHP. For those activities outside of the SCVHP permit area, the requirement to protect all mitigation lands on site is consistent with the SCVHP.

There are several factors that will determine whether the burrowing owl conservation strategy in the SCVHP is ultimately successful. Most of those factors are outside of the control of the City and certainly outside of the influence of this project. While Master Plan lands could play a role in the outcome of the burrowing owl conservation strategy, it is only one component of a regional strategy outlined in the SCVHP. The SCVHP burrowing owl strategy is not structured in a way that depends on the inclusion of any one parcel or parcels to meet the needs of burrowing owls in the region. Linking economic development of the Plant lands to the success of the burrowing owl conservation strategy through the inclusion of "triggers" is unnecessary, as the project's impacts to burrowing owl are adequately mitigated through participation in the SCVHP for Facility lands that are in the SCVHP permit area as well as on-site preservation.

Cumulative Impacts on Burrowing Owl Habitat: Commentators assert that the Draft EIR should consider the SCVHP's burrowing owl conservation strategy and take into account cumulative threats of currently planned projects on other regional nesting sites. Additionally, the Draft EIR should consider the cumulative decrease in open space, and its potential to lead to an increase in predation on burrowing owls.

The analysis of the impact of implementation of the Master Plan on burrowing owls and burrowing owl habitat is limited to the project site and immediately adjacent sites that could provide foraging habitat for burrowing owls nesting on Plant lands. By incorporating foraging habitat through the use of "Occupied Habitat" as defined by the SCVHP, the cumulative loss of habitat is included in the analysis of direct effects. By mitigating through the SCVHP or consistent with the guidelines in that plan the cumulative loss of habitat will be stemmed by the protection of habitat close to the areas of impact, at a ratio of at least 1:1, and to both nesting and foraging habitat (Occupied Habitat).

The cumulative analysis regarding impacts on special status wildlife species is addressed on Draft EIR pages 6-19 through 6-21. The analysis includes a table (Table 6-5, page 6-20) listing projects that could result in a cumulative loss of suitable habitat (such as open space) for these species. The analysis states that habitat disturbance or conversion could result in reductions in the number of special status species within the region because less suitable habitat and resources would be available for their use, a potentially significant cumulative impact. The analysis concluded that, with incorporation of mitigation measures BIO-2a through BIO-2f, the Master Plan's contribution to cumulative impacts on special status wildlife species would not be cumulatively considerable.

Wetlands

On February 13, 2013, subsequent to publication of the Draft EIR, the City participated in an interagency meeting with the San Francisco Regional Water Quality Control Board (RWQCB), U.S. Army Corps of Engineers (USACE), USFWS, and U.S. Environmental Protection Agency (EPA) to review the proposed project's impacts on jurisdictional wetlands, including those located in the inactive biosolids lagoons. Based on feedback from that meeting and comments on the Draft EIR regarding wetland impacts, the City revisited the Draft EIR's assumptions with respect to the amount of land necessary for the following: (1) proposed biosolids process improvements, (2) consolidation of legacy biosolids, and (3) management activities necessary to address potential future changes in regulations regarding disposal of biosolids. Through this reevaluation, the City determined that it could reduce the footprint of the future Facility infrastructure expansion area by approximately 35 acres in the northeastern portion of the inactive biosolids lagoons, reducing permanent impacts to jurisdictional wetlands by approximately 10 acres (the Inactive Biosolids Lagoons are shown in attached Figure 5: Existing Land Uses). As compared to the project described in the Draft EIR, the reduced footprint would result in a beneficial change because within the inactive biosolids lagoon area, the lagoons in the northeastern portion contain the highest quality wetland habitat. The result of this project change is the proposed Wetland Preservation Refinement described in the First Amendment to the DEIR.

The Wetland Refinement would eliminate permanent project impacts in the 35-acre area in the northeastern portion of the inactive biosolids lagoons. Minimizing adverse effects on wetlands would allow the City to better meet the Master Plan objective related to protection of habitat, including wetland habitat. The environmental analysis of the Wetland Refinement presented in the First Amendment to the DEIR indicates that no significant new information has been added to the EIR. Consistent with CEQA Guidelines Section 15088.5, the supplemental environmental analysis of the Wetland Refinement concludes that: (1) no new significant environmental impacts would result from the Wetland Refinement; (2) no substantial increase in the severity of an environmental impact would result from implementation of the Wetland Refinement; and (3) there are no additional alternatives or mitigation measures considerably different than those analyzed in the Draft EIR.

Nitrogen Deposition

The CDFW, USFWS and others provided comments related to the potential for growth inducement throughout the Facility service area, increasing atmospheric nitrogen deposition and resulting in the degradation and loss of serpentine grassland habitat and impacts on associated plant and wildlife species, including the Bay Checkerspot butterfly, an endangered species. When Facility wastewater processing capacity (or that of an individual Facility process or component) is reached, implementation of the relevant Facility improvement(s) will alleviate a capacity constraint that could otherwise present an obstacle to growth in service area jurisdictions. Among the chief concerns in the comments is that, while the City proposes to mitigate the effects related to nitrogen deposition of growth within the City, the City should also develop a comprehensive strategy that addresses and is commensurate with impacts of nitrogen deposition from growth induced outside the City. Such a strategy has been added as Mitigation Measure G-1: Growth Inducement Nitrogen Deposition Measure (see First Amendment to the DEIR, Mitigation Measure G-1: Growth Inducement Nitrogen Deposition Measure).

The comprehensive strategy to address nitrogen deposition applies upon implementation of the first of the Facility infrastructure improvements that remove an obstacle to new development by addressing capacity deficiencies projected to occur in 2026. Such growth could result in nitrogen deposition impacts on serpentine grassland habitat. Some of that growth is anticipated to occur in areas that lie outside the City and are served by the City of Santa Clara (Santa Clara) and the tributary agencies. Because the City is not the land use authority in these outlying areas, the anticipated growth, if it is to occur at all, would be subject to land use approvals and controls issued by the relevant jurisdiction (e.g., the City of Los Gatos). However, as a mechanism to mitigate nitrogen deposition impacts associated with growth in Santa Clara and the tributary jurisdictions, the City proposes the collection of a nitrogen deposition fee, as described below.

Nitrogen Deposition Fee: If and when, in anticipation of future development, the cities or special districts served by the Water Pollution Control Plant seek to acquire or purchase additional capacity from the Facility, the City will include as an item of negotiation the collection of a nitrogen deposition mitigation fee as a requirement of, and as partial consideration for, each agency's participation in the additional treatment capacity. All parties to an agreement with the City for increased capacity to their jurisdiction would be required to agree to report new vehicle trips generated as a result of development authorized by their associated planning authorities. The fee amount billed to offset the growth-inducing impact of Facility expansion shall be substantially the same as the applicable nitrogen deposition fee applied under the SCVHP at the time the fee is assessed. The City will then provide the monies to the Santa Clara Valley Habitat Agency or otherwise fund nitrogen deposition mitigation activities consistent with the strategies identified in the SCVHP. This mitigation fee would not be applied to the extent that the agency (City of Santa Clara or tributary agency) demonstrates that a development project is in a jurisdiction that already has a mechanism for full mitigation of nitrogen deposition impacts (e.g., coverage under the SCVHP) or the development project has otherwise satisfied its mitigation obligation under CEQA.

Success criteria for management activities funded by the mitigation fee will be consistent with those developed for and described in the SCVHP, which includes the establishment of quantified biological goals in conjunction with, monitoring and adaptive management. Success criteria will include increasing the diversity and relative cover of native plants and forbs and increasing the diversity of native plants. The appropriate target increases in diversity and cover to be achieved will be determined by a qualified biologist in consultation with the wildlife agencies, and will depend on the initial condition of the habitat area to be preserved. Depending on the characteristics of the habitat area, success criteria may also include occupancy of the habitat area by the Bay checkerspot butterfly at least four out of 10 consecutive years of the permit term, consistent with butterfly criterion established for the four core habitat units of the SCVHP.

Future Sea Level Rise and Flood Protection

Commentators on the DEIR raised several concerns about the proposed coastal levee and the manner in which sea level rise is addressed in the EIR. Several comments assert that the EIR uses an improper baseline in evaluating impacts related to flooding in Section 4.9, Hydrology: they assert that the baseline used in the analysis assumes that the proposed levee that would be constructed under the Shoreline Study is an existing condition. As discussed in the Master Response to Proposed Levee in the First Amendment to the DEIR, this assertion is incorrect.

For reference, the City is working with the U.S. Army Corps of Engineers, the California Coastal Conservancy, and the Santa Clara Valley Water District to determine the feasibility and potential federal interest for a flood risk management and ecosystem restoration project between Guadalupe River and Coyote Creek under a project referred to as the South Bay San Francisco Shoreline Study. This study may result in the construction of a flood protection levee along the northern portion of the Master Plan planning area (the proposed shoreline levee alignment currently under consideration by the Shoreline

Study is shown with a red-dotted line in attached Figure 4: Proposed General Plan 2040 Land Use Designations). One or more of the above-mentioned agencies may also form a partnership with the neighboring Don Edwards San Francisco Bay National Wildlife Refuge and the U.S. Fish and Wildlife Service to coordinate restoration of Pond A18.

The EIR does not assume that the proposed levee is part of the existing baseline conditions. The EIR correctly describes existing conditions with respect to existing flood protection facilities and the existing level of flood hazard at the site and does not include the proposed levee in that description. Rather, the levee is considered an integral part of the Master Plan that would be implemented in partnership with other agencies and the EIR evaluates it as such. The City reasonably expects that the levee will be implemented through the Shoreline Study; the City has been an active participant in the Shoreline Study effort for the past several years and a Draft Environmental Impact Report / Environmental Impact Statement for the Shoreline Study will be published in the fall/winter of 2013. In the event that implementation of the proposed coastal levee is delayed or in any event until the proposed levee is constructed or not constructed, implementation of City's standard floodproofing requirements coupled with project design features identified in the 1st Amendment to the Draft EIR would ensure that the effects of coastal flood hazards on proposed Facility improvements and other land uses on the Master Plan lands would not expose people or structures to an unacceptable risk of loss from flooding.

Adequacy of Alternatives

Commentators raised concerns about the adequacy of the alternatives analysis in the Draft EIR. Specifically, they questioned whether the Draft EIR considered a sufficiently wide range of alternatives; and they identified other alternatives (e.g., alternatives to specific WPCP improvements, a "WPCP only/no economic development" and an "Environment, Ecology and Water" alternative) they thought should be included in the EIR. A Master Response on Alternatives Analysis is provided in the First Amendment to the DEIR and a brief summary is provided below.

Consistent with CEQA, the selection and analysis of alternatives focused on alternatives that would reduce the severity of the significant impacts of the proposed Master Plan, would meet most of the project objectives, and were feasible. Table 4.5-A in the 1st Amendment to the Draft EIR lists all of the alternatives considered for potential inclusion in the EIR, the source of the alternative, and whether the alternative was retained for evaluation or eliminated. The EIR alternatives analysis considered potential alternatives that were developed during preparation of the Draft EIR taking into account the proposed Master Plan's identified impacts and alternatives suggested in response to the Notice of Preparation, as well as some alternatives contemplated during the Master Plan planning process that preceded the CEQA process. The EIR describes and evaluates alternatives retained for consideration in Section 7.3 (beginning on page 7-3); Section 7.5 (page 7-33) describes alternatives considered but eliminated from further consideration and the reasons for their elimination.

CEQA Guidelines Section 15126.6(a) states that an EIR must describe and evaluate a reasonable range of alternatives to the proposed project that would feasibly attain most of the project's objectives but would avoid or substantially lessen any identified significant adverse environmental effects of the project. With respect to feasibility, factors that may be considered when addressing the feasibility of an alternative include site suitability, availability of infrastructure, general plan consistency, other plans or regulatory limitations, jurisdictional boundaries, economic viability, and whether the proponent can reasonably acquire, control, or otherwise have access to an alternative site. The scope of the alternatives reviewed must be considered in light of the nature of the project, the project's impacts, relevant agency policies, and other material facts. CEQA does not require a lead agency to consider alternatives to every component of a multi-component project. Under the "rule of reason," the lead agency may choose to consider alternatives that reduce or modify some but not all of the project's individual components (California Oak Found. v Regions of Univ. of Cal. [2010]).

Program- and Project-level Analysis

Several comments expressed concern that the EIR improperly deferred mitigation. Almost all the mitigation measures cited in the comments expressing such concern pertain to the proposed Plant land uses surrounding the WPCP operational area, and to a lesser extent the program-level WPCP improvements, all of which are analyzed at a program level of detail in this EIR. As discussed in the Draft EIR, detailed project information is not yet available for many of the WPCP projects analyzed at a program level of detail, and the other Plant land uses are conceptual in nature and subject to substantial change. Consequently, it is not possible to develop project-specific mitigation measures for program-level components at this time.

The Master Plan EIR serves as both a program and a project EIR for the Master Plan, which includes proposed upgrades to the Facility and other uses of Facility lands. Several commentators raised questions about the program- and project-level distinctions in the Master Plan Draft EIR and asserted that mitigation measures in the EIR improperly deferred to future studies. The First Amendment to the DEIR includes a master response focusing on issues concerning the adequacy, appropriateness, and organization of the program-level analysis versus project-level analysis as well as deferral of mitigation.

For reference, a list of the Facility infrastructure and operational improvements, noting whether that improvement is reviewed at program- or project-level in the EIR, is provided in DEIR Table 3-4: Summary of Water Pollution Control Plant Improvements. The economic development land uses envisioned in the Master Plan are reviewed at a program-level of detail in the EIR.

CEQA Guidelines Section 15168 provides for the programmatic environmental review of a plan or program with multiple components (projects or actions) that are related either:

- Geographically,
- As logical parts in the chain of contemplated actions,
- In connection with the issuance of rules, regulations, plans, or other general criteria to govern the conduct of a continuing program, or
- As individual activities carried out under the same authorizing statutory or regulatory authority and having generally similar environmental effects that can be mitigated in similar ways.

The programmatic elements included in the Master Plan meet these criteria. All proposed activities occur within the same geographic area: the Master Plan planning area. The proposed activities were developed under a common planning initiative (the Master Plan). Many elements of the Master Plan are logical parts in a chain of contemplated actions (e.g., the various improvements to biosolids management are related, and are a necessary precedent to implementing economic development within the bufferlands).

The advantage of programmatic analysis is to allow earlier and more comprehensive evaluation of all elements of the Master Plan, even though the implementation of some elements may depend upon a number of factors that cannot be estimated with certainty at this time. The evaluation of program-level Master Plan elements provides a foundation of analysis to ensure that cumulative impacts are adequately characterized, and that subsequent, CEQA-required impact analyses adequately delineate impacts and apply mitigation. As stated in the Draft EIR, the City will undertake additional environmental review of these elements prior to implementation, when more specific information has been developed. Subsequent environmental documents prepared for these Master Plan components may be “tiered” from the Master Plan EIR as provided in CEQA Guidelines Section 15152. In such cases, the Master Plan EIR may be used to address the environmental impacts of the Master Plan as a whole, thereby allowing the subsequent documents to address the more detailed, site-specific issues of the particular projects.

As a project EIR, the Master Plan EIR evaluates at a greater level of detail the environmental impacts of those elements of the Master Plan for which implementation is presently being considered and for which the City anticipates that no further environmental document will be required under CEQA, assuming there are no substantial changes to them, following certification of the Master Plan EIR.

As both a program and a project EIR, the Master Plan EIR provides a comprehensive review of the overall nature and magnitude of potential environmental impacts that would occur under the Master Plan, as well as a comparison of the effects associated with the five alternatives, so that the City can make appropriate planning decisions about the alternatives and key components of the Master Plan. By providing the public and decision makers with an opportunity to review and consider the reasonably foreseeable environmental impacts of the Master Plan as a whole, prior to City Council decisions on any portion of the Master Plan, the City is fulfilling two important goals of the CEQA process: (1) providing for environmental review and long-range planning disclosure at the earliest feasible time, and (2) avoiding "piecemeal" review that could underestimate the environmental impacts of a project as large and complex as the Master Plan. The City is also identifying issues of concern to agencies and other interested persons early in the review process to help scope subsequent environmental documentation on program-level elements. Thus, the approach taken in the Master Plan EIR is consistent with both the spirit and letter of CEQA, which calls for EIRs to "be prepared as early as feasible in the planning process," to consider the "whole of the action," and to provide a "good faith effort at full disclosure" (CEQA Guidelines Sections 15004(b), 15003(h)-(i)).

A full response to comments related to deferral of mitigation is provided in the Master Response on Program- and Project-level Analysis in the First Amendment to the DEIR.

EIR Recirculation

The recirculation of an EIR is required when significant new information is added to the EIR after public notice is given of the availability of the draft EIR for public review but before certification. The term "information" can include changes in the project or environmental setting as well as additional data or other information. New information added to an EIR is not "significant" unless the EIR is changed in a way that deprives the public of a meaningful opportunity to comment upon a substantial adverse environmental effect of the project or a feasible way to mitigate or avoid such an effect. (CEQA Guidelines Section 15088.5)

In accordance with CEQA Guidelines Section 15088, the Final EIR for the Master Plan includes written responses to all comments received during the public review period for the Draft EIR. As required by Section 15132 of the CEQA Guidelines, the responses in the Final EIR address significant environmental points raised by commentators as well as comments on the content and adequacy of the Draft EIR. The comments received do not identify substantive inadequacies in the CEQA document that require recirculation. The responses to the comments provide clarification and refinement of information presented in the Draft EIR and, in some cases, correct or update information in the Draft EIR. No significant new information has been added to the EIR since publication of the Draft EIR. For these reasons, the EIR does not need to be recirculated.

PUBLIC OUTREACH/INTEREST

The community engagement process for the Master Plan has been extensive and spanned over five years, since the March 27, 2007 meeting when Council accepted ESD staffs' report analyzing the infrastructure, planning, and financing needs of the City's wastewater treatment facilities and provided direction to staff to proceed with the development of a Plan for the Facility. The Facility Master Plan project team was guided by the Plant Master Plan Steering Committee, made up of staff from the Facility's two co-owning

cities (San José and Santa Clara) and from the tributary agencies served by the Facility. The project team also provided quarterly updates to the Treatment Plant Advisory Committee (TPAC) and San José's Transportation and Environment Council Committee (T&E) to obtain comments from elected officials.

During the three-year Master Plan process, ESD staff, with the assistance of consultants, developed a set of technical components for the Plan, and three alternatives for the land use component. Through an extensive public input process, one alternative was selected out of the three, and was recommended to the Council as a "Preferred Alternative". The Preferred Alternative was selected because it best achieved the following:

- Create an overall vision for the Plant and the Plant lands
- Identify future projects with estimated costs and construction timing
- Designate future land uses
- Illustrate how to connect the community to the Bay; and,
- Outline a strategy to protect the Plant from sea-level rise

ESD staff developed the Preferred Alternative with extensive technical oversight, agency feedback, and public and stakeholder input. In addition, ESD staff addressed comments from the Facility's tributary partners, including consideration of the Milpitas Guiding Principles for Plant Master Plan Reconstruction and Land Use Alternatives.

Inviting stakeholder and community input on possible new land uses and proposed Facility improvements has been a key part of the planning process. The Community Advisory Group (CAG), a service-area wide stakeholder group of 20 community members, Plant neighbors, and representatives from interest groups, have met 20 times, and three public input opportunities were provided in May 2009, May 2010, and January 2011. There have been three phases of public input, in addition to ongoing input from the CAG:

1. May to November 2009: input was collected on community values for the Plant lands, and this input was used to develop three land use alternatives.
2. May to November 2010: input was collected on the three land use alternatives – Back to the Bay, Riparian Corridor, and Necklace of Lakes. The input was used to refine the alternatives into one Draft Recommended Alternative.
3. November 2010 to January 2011: Community input was collected on the alternative selected out of the three land use alternatives. This input was used to further refine it to the "Preferred Alternative" recommended to the Council.

In April of 2011, the City Council selected the Preferred Technical and Land Use Alternatives for the Plant Master Plan, and directed staff to proceed with the Environmental Impact Report (EIR) pursuant to the California Environmental Quality Act (CEQA) for the draft Plan. The Draft EIR for the Master Plan was circulated for public review from January 11, 2013 through March 13, 2013, which included the 45 day public circulation required by CEQA and a 15 day extension requested by ESD staff to allow additional opportunity for public input. The 10-day circulation period for the First Amendment to the DEIR, which contains written responses to all comments made on the DEIR during the review period, began on October 18, 2013.

In addition to the community engagement process described above, the property owners and occupants within a 1,000-foot radius and the community of Alviso were sent public hearing notices for the Planning Commission and City Council hearings. This staff report has been posted on the City's web site. Staff has been available to discuss the proposal with interested members of the public.

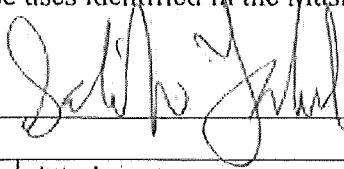
General Correspondence

As previously described, the Master Plan outreach was an extensive, multi-year process that involved stakeholders and community members in the shaping of the Master Plan, including the land uses proposed for the Facility bufferlands. The proposed General Plan amendment facilitates the implementation of the land uses envisioned in the Master Plan and, as such, was commented upon by stakeholders and community members during the Master Plan outreach process. Master Plan community input summary reports can be viewed online at: <http://sanjoseca.gov/Archive.aspx?AMID=176>

Separate from the Master Plan outreach process, some comments on the DEIR raise concerns about the compatibility of the proposed economic development land uses on the Facility bufferlands. Those comments are included and addressed in the First Amendment to the DEIR.

Conclusion

As discussed in this report, the subject General Plan amendment is consistent with many of the Major Strategies, Goals, and Policies of the Envision San Jose 2040 General Plan. If the requested General Plan Amendment is approved, the land use change would allow for the implementation of the economic development, recreation, habitat, and open space uses identified in the Master Plan.

Project Manager: Bill Roth **Approved by:** 

Date: 10/13/13

Owner/Applicant:	Attachments:
City of San José 200 E. Santa Clara Street San Jose, CA. 95113	1. Resolution Certifying an Environmental Impact Report 2. Letter from Eileen McLaughlin (Citizens Committee to Complete the Refuge), dated October 7, 2013

RESOLUTION NO.

A RESOLUTION OF THE PLANNING COMMISSION OF THE CITY OF SAN JOSÉ CERTIFYING A FINAL ENVIRONMENTAL IMPACT REPORT FOR THE SAN JOSE/SANTA CLARA WATER POLLUTION CONTROL PLANT MASTER PLAN AND RELATED GENERAL PLAN AMENDMENT FILE NO. GP13-020 AS HAVING BEEN COMPLETED IN COMPLIANCE WITH THE CALIFORNIA ENVIRONMENTAL QUALITY ACT

WHEREAS, pursuant to Title 21 of the San Jose Municipal Code, the City of San Jose's Environmental Services Department ("Applicant") on November 7, 2011 filed applications for which an environmental impact report was required for the San Jose/Santa Clara Water Pollution Control Plant Master Plan and related General Plan Amendment, File No. GP13-020 (the "Proposed Project"), concerning that certain real property, hereinafter referred to as the "subject property," which project and subject property are more fully described in that certain Final Environmental Impact Report ("EIR"), entitled "San Jose / Santa Clara Water Pollution Control Plant Master Plan", which Final EIR is made a part hereof by this reference as though fully set forth herein; and

WHEREAS, pursuant to and in accordance with said Title 21, the Director sent a copy of the Draft EIR to each public agency having jurisdiction by law over said Proposed Project, advising such agencies to review and submit written comments, if any, on said Draft EIR to this Planning Commission in the time and manner specified in said Title 21; and

WHEREAS, the City received comments on the Draft EIR and prepared responses to all comments that raised environmental issues, and those comments, the City's responses to comments, together with any resulting changes to the Draft EIR and additional relevant information are all included in a First Amendment to the Draft EIR which was completed and made available to the public on October 18, 2013; and

WHEREAS, the Draft EIR, the First Amendment to the Draft EIR, and all the appendices thereto comprise the Final EIR entitled "San Jose / Santa Clara Water Pollution Control Plant Master Plan" referred to hereinabove; and

WHEREAS, the Director of Planning, Building and Code Enforcement ("Director") pursuant to and in accordance with said Title 21 has prepared and filed with this Planning Commission the Final EIR, File No. PP11-043, relating to said subject property, Proposed Project, and Final EIR; and

WHEREAS, pursuant to and in accordance with said Title 21, the Planning Commission on October 30, 2013 conducted a hearing on whether the Final EIR had been completed in compliance with CEQA, notice of which was duly given; and

WHEREAS, at said hearing, the Planning Commission gave all persons full opportunity to be heard and to present evidence and testimony respecting said Final EIR.

NOW, THEREFORE, BE IT RESOLVED BY THE PLANNING COMMISSION OF THE CITY OF SAN JOSE AS FOLLOWS:

SECTION 1. This Planning Commission has read and considered the Final EIR and hereby finds, determines and certifies that the Final EIR for said Proposed Project has been prepared and completed in compliance with the California Environmental Quality Act of 1970, together with implementing guidelines related thereto, all as amended, and represents the independent judgment and analysis of the City.

SECTION 2. The Director shall transmit copies of the Final EIR to the Applicant and to the City Council.

ADOPTED and issued this 30th day of October, 2013, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

NORMAN KLINE
Chairperson

ATTEST:

JOSEPH HORWEDEL
Director of Planning, Building & Code Enforcement
Planning Commission Secretary

NOTICE TO PARTIES

The time within which judicial review must be sought to review this decision is governed by the provisions of the California Code of Civil Procedure Section 1094.6.



CITIZENS COMMITTEE TO COMPLETE THE REFUGE

433 Tennessee Lane, Palo Alto, CA 94306

650 493-5540

Fax 650 494-7640

www.cccrrefuge.org

October 7, 2013

Via E-mail

Joseph Horwedel
Director
Planning, Building and Code Enforcement
City of San Jose
joseph.horwedel@sanjoscca.gov

RE: Federal Shutdown potential constraint on pre-certification public review in #PP11-043 CEQA process

Dear Mr. Horwedel:

As you are most certainly aware, as of the time this is written, the Federal Government is under Shutdown status and will be until officials in Washington DC take action to end it. Among the innumerable outcomes of that status is the fact that no Federal Agency that has or would participate on any active California Environmental Quality Act (CEQA) project in San Jose is currently unavailable and unable to do so.

This letter specifically addresses this issue as it applies to remaining actions for CSJ Planning File #PP11-043, the San Jose-Santa Clara Regional Wastewater Facility Master Plan Project (Project)

The Citizens Committee to Complete the Refuge (CCCR) requests that the City of San Jose (City, CSJ), formally recognize that as long as the Shutdown is in place and Federal Agencies that commented cannot review responses to DEIR comments, *initiation* of a 10-day period of public review prior to this Project's Environmental Impact Report (EIR) certification cannot take place. Adjusting schedules of the Project's CEQA process due to the Shutdown will fulfill the CEQA Guideline that applies.

14 CCR § 15088: Evaluation of and Response to Comments.

(b) The lead agency shall provide a written proposed response *to a public agency* on comments made *by that public agency* at least 10 days prior to certifying an environmental impact report. (Edit: italics added)

CCCR also requests that this letter be placed in the Administrative Record of the Project.

In her September 30, 2013 Memorandum (attached) to the Transportation and Environment Committee, Environmental Services Director Kerrie Romanow lists a no-later-than-date of October 18, 2013 as a date that would fulfill the 10-day requirement prior to the currently proposed certification on October 30th. That schedule will violate CEQA if the final day of the Federal Shutdown is October 18th or later.

CCCR is aware that the US Fish and Wildlife Service (USFWS) is a Federal Agency that submitted both written and verbal comments on the Draft EIR of this Project. Further, the Draft EIR itself acknowledges the Project's relationship to the USFWS in its content. For instance, in Section 4.2 Land use, it discussed adjacent lands including the USFWS-managed Don Edwards San Francisco Bay National Wildlife Refuge

(4.2.1.2). In Section 4.7, Biological Resources, the document mentions the USFWS or the Refuge in multiple discussions inclusive of regulatory jurisdiction, CSJ General Plan policy and inclusion as a party of reference in multiple mitigation measures. Clearly, it is crucial that the City ensure that the USFWS is afforded, at minimum, 10 days to review responses published in the City's First Amendment to the EIR. That review opportunity can occur only after the Shutdown ends.

In summary, it is evident that the initiation of the pre-certification review period of this Project cannot occur until the Shutdown is lifted and Federal Agencies are again fulfilling their responsibilities. In the coming days, possibly weeks, decisions in Washington will determine whether or not the Project's current schedule must be changed.

CCCR is an all-volunteer-run 501(c)(3) nonprofit corporation that has its roots in the citizens who worked to establish the Don Edwards San Francisco Bay National Wildlife Refuge. In the decades since, CCCR has persistently advocated for the Refuge's acquisition of all lands within its Congressionally-approved expansion boundary and for the protection of wildlife and habitats of the Refuge and of the Bay's existing and historic intertidal zones generally. CCCR also sponsors or provides publications and programs for adults and youth, encouraging informed enjoyment of our Bay's wildlife, wetlands and the Refuge itself.

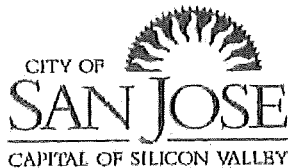
Sincerely,



Eileen P. McLaughlin
Board Member, CCCR

CC: Florence LaRiviere, Chair, CCCR
Carin High, Vice Chair, CCCR
Bill Roth, Planning Division, CSJ
Kerrie Romanow, Director, Environmental Services Division, CSJ

ATTACH: K. Romanow 9/30/13 Memo to the CSJ T&E Committee re 10/07/13 Agenda Item (d)2.



Memorandum

TO: TRANSPORTATION AND
ENVIRONMENT COMMITTEE

FROM: Kerrie Romanow

SUBJECT: PLANT MASTER PLAN ADOPTION DATE: September 30, 2013

Approved

Date

9/30/13

RECOMMENDATION

1. Recommend to the City Council adoption of the Plant Master Plan for the San José-Santa Clara Regional Wastewater Facility with modifications to the Land Use Component consistent with staff recommendations.
2. Recommend that this report be placed on the November 19, 2013 Council Agenda.

OUTCOME

Adoption of the staff-recommended land use scenario would replace the April 19, 2011 Preferred Alternative land use component for the Plant Master Plan (Plan) with a land use component that would maximize environmental features while still retaining the same economic development opportunity. Adoption of the Plant Master Plan would allow staff to begin critical infrastructure improvement at the San José-Santa Clara Regional Wastewater Facility.

EXECUTIVE SUMMARY

The City has engaged in a three-year process between the years 2007 and 2010 to develop the Plan. This extensive process involved community and stakeholder input and technical analysis and review. The primary purpose of the Plan is to ensure San José-Santa Clara Regional Wastewater Facility (Facility), formally known as the San Jose/Santa Clara Water Pollution Control Plant, continues to protect the public health and the environment, to support the region's economy, and to create a new vision for San José's South Bay shoreline.

The Plan has two components:

- **Technical Component:** The technical component provides a roadmap for replacing the Facility's aging facilities and infrastructure, and consists of process changes and long-range capital projects that will enable the Facility to meet future regulatory requirements and population demands using sustainable, energy-efficient, and cost-effective solutions. The capital projects include odor control projects and a major change in the treatment and disposition of biosolids. The proposed new process would phase out the current need for over 500 acres of open air lagoons and drying beds over the next 15 years. The new

process of enclosing the treatment and use of mechanical dewatering would shrink the Facility's operational footprint, and reduce odors enabling potential new land uses along the South San Francisco Bay shoreline.

- **Land Use Component (Project):** The land use component proposes a mix of new land uses on the Facility bufferlands and current biosolids processing area that include: economic development with a focus on Clean Tech and job creation; recreational uses including trails and parks; enhancement of upland habitats; and restoration of habitats. The focus of the extensive community stakeholder process was on a balanced plan that would meet broad and important community goals like job and revenue generation, improve Facility operations, and promote environmental stewardship.

Pursuant to the California Environmental Quality Act (CEQA), a draft Environmental Impact Report (DEIR) was prepared and circulated in early 2013. The DEIR identified that the Plan could have environmental impacts in areas such as transportation, noise, air quality, biological resources, hydrology, hazard and hazardous materials, water quality, aesthetics and cultural resources. The DEIR, along with the 1st Amendment of the DEIR (collectively, the Final EIR), is scheduled for hearing by the Planning Commission on October 30, 2013 for consideration of certification. The Council must first consider the Final EIR before taking action on the proposed Plan.

The DEIR evaluated reasonable alternatives to the April 19, 2011 Preferred Alternative to either avoid or significantly reduce the environmental impact of the project. The DEIR examined five alternatives, including a No-Project Alternative. The other four alternatives consisted of several combinations of increased open space and reduced footprint of economic development, with jobs ranging from 6,700 to 15,400.

In response to the comments on the DEIR received from various resource agencies and the public, ESD staff evaluated several options that would go farther in addressing the concerns expressed. With input from the Office of Economic Development and the City Manager's office, staff is recommending that Alternative 4: the Eastern Open Space Compressed Development Plan be adopted, with minor modifications, as the new Land Use Component of the Plan. This alternative proposes a land use scenario with a smaller development footprint but virtually the same number of jobs compared to the April 19, 2011 Preferred Alternative. Economic development would be located along Highway 237 to promote visibility and viability. The proposed new land use scenario would also meet the goals of the Plan, such as job creation and habitat preservation. The details of Alternative 4 and its environmental impacts are described in section 7.3.4 of the DEIR. The Draft EIR is available online at <http://www.sanjoseca.gov/DocumentCenter/View/10967>.

If approved by the Council, the proposed land use scenario recommended by staff would replace the Land Use Component currently described in the Plan. Staff is not proposing any changes to the Technical Component of the Plan. The Plan summary report is available online at <http://environment.sanjoseca.gov/DocumentCenter/View/5604>.

BACKGROUND

The Facility serves approximately 1.4 million residents in the cities of San José, Santa Clara, Milpitas, Cupertino, Campbell, Los Gatos, Monte Sereno, and Saratoga. While the Facility has successfully served the community for 57 years, aging pipes, pumps, concrete, and electrical systems need immediate and long-range attention in order to continue those successful operations well into the future.

On March 27, 2007, the Council accepted staff's report analyzing the infrastructure, planning, and financing needs of the City's wastewater treatment facilities and provided direction to staff to proceed with the development of a Plan for the Facility. In November 2007, Council approved a contract with Carollo Engineers to develop a Plan that would address the operational needs of the Facility and potential development of the surrounding bufferlands through 2040.

The Plan project team was guided by the Plant Master Plan Steering Committee, made up of staff from the Facility's two co-owning cities (San José and Santa Clara) and from the tributary agencies served by the Facility. The project team also provided quarterly updates to the Treatment Plant Advisory Committee (TPAC), and the San José's Transportation and Environment Council Committee (T&E) to solicit policy guidance from interested stakeholders throughout the process.

The following goals for the Plan were developed based on the principles of sustainability:

- Operational: To have a Facility that is both reliable and can respond to changing conditions;
- Economical: To have a Plan that would maximize the economic benefits for ratepayers through cost-effective options;
- Environmental: To have a Plan that would improve the habitat in the bufferlands, and to minimize potential impacts to the local and global environment; and
- Social: To have a Plan that would maximize community benefits through improved aesthetics and recreational uses.

During the three-year Plan process, staff, with the assistance of Carollo Engineers, developed a set of technical components for the Plan, and three land use components. Through an extensive public input process, one of the land use alternatives was selected, and recommended to the Council as a "Preferred Alternative".

Staff developed the Preferred Alternative with extensive technical oversight, agency feedback, and public and stakeholder input. In addition, staff addressed comments from the Facility's tributary partners, and considered the Milpitas Guiding Principles for Plant Master Plan Reconstruction and Land Use Alternatives.

A critical component of the planning process included participation and input from stakeholders and the larger community on possible new land uses and proposed Facility improvements. The public input occurred through ongoing input from the Community Advisory Group (CAG), and at the following times for certain subject matters:

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1. May to November 2009: input was collected on community values for the Facility lands, and this input was used to develop three land use alternatives.
2. May to November 2010: input was collected on three land use alternatives. The input was used to refine the Preferred Alternative.
3. November 2010 to January 2011: Community input was collected to further refine the "Preferred Alternative" recommended to the Council in April 2011.

In April of 2011, the City Council selected the Preferred Technical and Land Use Components for the Plan, and directed staff to proceed with the Environmental Impact Report (EIR) pursuant to the California Environmental Quality Act (CEQA) for the draft Plan.

The memorandum is available online at:

http://www3.sanjoseca.gov/clerk/Agenda/20110419/20110419_0704.pdf

The Draft EIR was circulated for public review for 61 days from January 11 to March 13, 2013. It is anticipated that the Final EIR will be presented at the Planning Commission hearing on October 30, 2013, for consideration of certification, pursuant to the CEQA process. The memorandum to the Planning Commission and the City Council discussing the Final EIR will be submitted under separate cover by the Planning Department.

ANALYSIS

The Land Use Component of the Preferred Alternative contained in the draft Plan includes proposed new uses for the lands not already reserved for wastewater treatment or Facility buffer, including commercial, retail, and light industrial development; creating and/or restoring habitat and natural corridors to support wildlife; and, a regional community park and trails to connect the Bay Trail and meet future recreational demand.

Staff now recommends Alternative 4 with certain modifications.

Alternative 4 (Modified)

The DEIR identified four land use alternatives to the "Preferred Alternative" selected in April 2011. The Alternative 4 - Eastern Open Space Compressed Development Plan would eliminate the Dixon-landing Road connection, and would limit economic development to the land south of the Facility operational area fronting Highway 237. Staff recommends the following minor modification to Alternative 4:

Increase Light Industrial use by replacing the Institute, Combined Industrial/Commercial, and Retail uses with more acreage for Light Industrial use, since this is one of the most highly desired job-types in the region.

Alternative 4 as modified represents a strategic opportunity to increase much needed jobs and advance the City's environmental goals. The modified Alternative 4 would allocate approximately 1,155 acres of land for habitat and roughly 15% of that acreage or roughly 160

acres of land for economic development. It is anticipated that through adjustment to the job mix, the development would still generate approximately the same number of jobs as the "Preferred Alternative" while minimizing the footprint of the development by over 50 percent. Due to the concentration of development in North San José, maintaining economic development along Highway 237 is highly desirable to certain industries because that location offers maximum visibility and accessibility to the existing roadways.

A map comparing the modified Alternative 4 to the Preferred Alternative is provided as Attachment A. A summary of land use areas of these two plans is provided as Attachment B.

Reduced Footprint

A modified Alternative 4 would provide opportunity to preserve flexible space otherwise eliminated by the construction of the Dixon Landing Road extension that was proposed for the area east and north east of the Facility operational area. This area currently contains the Santa Clara Valley Water District's mitigation area and the adjacent Coyote Creek. Alternative 4 as modified would also reduce some construction-related dust, noise, and emissions relative to the Project, since the footprint of economic development is reduced by almost 50 percent. Under this alternative, some of the potential concerns raised in the DEIR should decrease relative to the Project, with the exception of potential transportation impacts due to the development.

Plant Master Plan Objectives

The modified Alternative 4 meets most of the objectives of the Plan, and partially meets the objectives of Transportation and Recreation. If economic development is limited to the area south of the Facility operational area, there would not be a need to construct a Dixon-Landing Road connection which would reduce environmental impact to the area east and northeast of the Facility operational area. Staff is also recommending that the Institute, a proposed partnership between industry and education, be removed to preserve more of the existing development footprint for jobs. Staff will explore other educational partnerships.

Environmental Uses

The modified Alternative 4 would preserve approximately 1,155 acres of the Facility's property for habitat restoration. Habitat restoration would be implemented in partnership with other entities such as the Santa Clara Valley Audubon Society, the Santa Clara Valley Habitat Conservation Plan (HCP), and the Santa Clara Valley Water District. The following habitat types would still be protected, created, or restored under the modified Alternative 4:

- *Burrowing Owl Habitat.* Approximately 180 acres of grassland habitat west of the Facility operational area would be protected and managed to support burrowing owls, a California species of special concern. Staff recommends analyzing the various options available to the Facility to provide for the long term maintenance and protection of these lands for burrowing owls including, but not limited to, incorporation of the lands into the Habitat Conservation Plan area, and/or to meet any mitigation requirements in future permits required to implement the Technical Component.

- *Riparian Habitat.* Approximately 200 acres of riparian habitat adjacent to the Flex space, including the habitat along Coyote Creek and a restored Artesian Slough corridor, would be provided.
- *Marsh / Mudflats.* Situated on the site in the location of the existing Pond A18, over 800 acres of salt marsh habitat and tidal areas adjacent to the Bay could be constructed to help provide flood protection and restore a transition from the salt marsh habitat through brackish to perched freshwater wetlands and upland grasslands. This habitat would also support special status species such as the clapper rail and salt marsh harvest mouse and provide large contiguous areas for these inhabitants.

Flood Protection

As part of the Plan, Environmental Services staff has been actively coordinating with the Army Corps of Engineers, the State Coastal Conservancy, and the Santa Clara Valley Water District on the South Bay Shoreline Study project to determine the appropriate alignment for Bayside levees to protect the Facility and Alviso from sea level rise and tidal flooding; and to ensure that lands in the staff recommended land use scenario are designated for future levee placement. It is also anticipated that the restoration of A18 will occur as part of the Shoreline Project.

Recreational Uses

A modified Alternative 4 provides recreational opportunities on land surrounding the Facility's operational area. These facilities could be developed in partnership with other agencies and entities, as appropriate funding for these projects become available. Proposed facilities include:

- *Trails.* 9 miles of new trails and connection to the Bay Trail.
- *Park.* A new 40-acre park with sports fields.
- *Habitat Areas.* Access to the Facility's Bay front for bird watching and hiking.

Phasing and Fiscal Information

The development of the Facility lands proposed under the Plan is contingent on market demand. In addition, future development and availability of land would be contingent on ensuring that the infrastructure improvements at the Facility can adequately mitigate the effect of potential odors on sensitive receptors and that development would not interfere with Facility operations.

Market conditions for industrial property have improved significantly since prior economic and fiscal analysis was undertaken in 2008; land values have increased in the area. Silicon Valley's technology and manufacturing industries are vital. Large campus sites are highly desirable and in short supply. The highway 237 corridor has been firmly established as a desired location for tech and manufacturing users. Staff anticipates that up to 15,000 jobs could be supported through the land use plan as proposed. Associated employee income would be directly infused into the local economy and additional jobs and income would be indirectly implemented from the local purchases of goods and services by the new business and employees.

At build-out estimated ground lease revenue is projected to be between \$10 million to \$12.5 million annually. It is estimated that an additional \$4 million to \$5.5 million will be generated annually from associated property tax, sales tax, utility users tax, franchise tax, amongst other

revenues. Substantial additional benefit would be derived from the City of Santa Clara, the County of Santa Clara, local school districts and the tributary agencies. .

The economic analysis using the IMPLAN economic assessment model for Santa Clara County showed that the total economic impact of this development, considering construction and permanent economic activity, is approximately \$16.5 billion – a substantial benefit to the region.

The staff recommended land use scenario is shown side-by-side with the original Preferred Alternative as a conceptual map in Attachment A. An Executive Summary of the Draft Plant Master Plan is provided as Attachment C.

EVALUATION AND FOLLOW-UP

The steps in the Draft Plant Master Plan adoption process include:

- ***First Amendment to the DEIR Circulation:*** The First Amendment to the DEIR will include response to comments received on the draft EIR and any revisions to the EIR text. The document is targeted for circulation no later than October 18, 2013 for the statutory 10-day public review period.
- ***Certification of the Final EIR.*** The Planning Commission public hearing to certify the Final EIR is tentatively scheduled for October 30, 2013. Prior to the Council's consideration of the adoption of the Plant Master Plan, an EIR resolution will be brought to Council to consider for adoption. This Council hearing is scheduled for November 19, 2013.
- ***Formal Approval of the Plant Master Plan:*** The Plant Master Plan is intended to guide both Plant infrastructure improvements and land use decisions for the next 30 years. Concurrent to the EIR adoption, the Planning Commission and Council will consider adoption of the Plant Master Plan.
- ***General Plan Amendment.*** The land use principles incorporated in the Plant Master Plan propose new uses in the lands surrounding the Facility, as well as new roads and trails. To implement these land use functions, the Envision 2040 General Plan need to be amended. The amendment proposal will be brought forward to the Planning Commission and the City Council, concurrent to the certification of the EIR and adoption of the Plan Master Plan at the hearing dates mentioned above.
- ***Formal Approval for the Santa Clara City Council:*** As a co-owner of the Facility, the Santa Clara City Council will also independently consider the Final EIR, and adoption of the Plant Master Plan, subsequent to San José City Council's final action. The date scheduled for this hearing is December 3, 2013. In addition, an informational memo about Plant Master Plan Adoption and the staff recommendation will be presented to the Santa Clara City Council on November 12, 2013.

POLICY ALTERNATIVES

Alternative #1: Adopt the Plant Master Plan with the "Preferred Alternative" selected by the Council in 2011

Pros: The Preferred Alternative selected in 2011 is the Project based on the collective input of the stakeholders during the Plant Master Plan development process.

Cons: While the Preferred Alternative attempts to balance all interests, proceeding with the land use component would reduce future open space and habitat areas.

Reason for not recommending: Decreases remaining flexible space for habitat, open space, job development, or Facility expansion beyond the planning window.

Alternative #2: Select from Alternatives 2, 3, or 5 that were analyzed in the DEIR.

Pros: Alternatives 2, 3, or 5 offer a range of options with varying levels of development vs. preservation of open space/habitat.

Cons: None of these alternatives would meet the goals of the Project to the fullest extent practicable as modified Alternative 4.

Reason for not recommending: Limits either the potential for economic development or reduces the amount of open space/habitat depending on the alternative.

Alternative #3: No Project.

Pros: Conditions at the site remain largely unchanged.

Cons: Facility reliability could be expected to decline. Odor control projects would not be implemented. New jobs would not be implemented and new habitat would not be created.

Reason for not recommending: The no project alternative does not address any of the Facility's aging infrastructure needs, the City's economic development goals, or formally designate any areas for open space or habitat conservation.

PUBLIC OUTREACH/INTEREST

- ☐ **Criterion 1:** Requires Council action on the use of public funds equal to \$1 million or greater. (Required: Website Posting)
- ✓ **Criterion 2:** Adoption of a new or revised policy that may have implications for public health, safety, quality of life, or financial/economic vitality of the City. (Required: E-mail and Website Posting)
- ☐ **Criterion 3:** Consideration of proposed changes to service delivery, programs, staffing that may have impacts to community services and have been identified by staff, Council or a Community group that requires special outreach. (Required: E-mail, Website Posting, Community Meetings, Notice in appropriate newspapers)

The DEIR was circulated from January 13, 2013 through March 13, 2013, which included a statutory public review period of 45 days and a 15-day extended review period. The First Amendment of the DEIR will be circulated for a statutory public review period of 10 days. Public comments were accepted by the Planning Department during these public review periods.

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During these opportunities for public input, approximately 50 comment letters were received from US and State Resource Agencies, non-profit and environmental organizations, the Tributary Agencies, neighboring cities, private property owners adjacent to the Facility and other interested individuals. Public concern focused on land use issues, noise, hydrology and flood control issues, biological resources issues, and technical issues related to the DEIR text. Staff refined the Land Use Component of the Draft Plant Master Plan based on these comments.

COORDINATION

This report has been coordinated with the City Attorney's Office, the Budget Office, Department of Planning, Building and Code Enforcement, and the Office of Economic Development.

FISCAL/POLICY ALIGNMENT

This recommendation is consistent with the goals and objectives of the Envision San José 2040 General Plan and addresses critical infrastructure investment.

CEQA

Not a Project, File No. PP10-069 (a), Staff Reports / Assessments / Annual Reports / Informational Memos that involve no approvals of any City Actions.

/s/

KERRIE ROMANOW

Director, Environmental Services

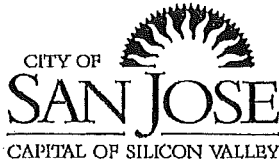
For questions, please contact René Eyerly, Manager, Sustainability and Compliance at (408) 975-2594.

Attachments:

Attachment A: Comparison of Staff Recommendation and Preferred Alternative Map

Attachment B: Comparison of Staff Recommendation and Preferred Alternative Project Details

Attachment C: Plant Master Plan Executive Summary



Memorandum

TO: TRANSPORTATION AND
ENVIRONMENT COMMITTEE

FROM: Kerrie Romanow

SUBJECT: PLANT MASTER PLAN ADOPTION **DATE:** September 30, 2013

Approved _____

Date 9/30/13

RECOMMENDATION

1. Recommend to the City Council adoption of the Plant Master Plan for the San José-Santa Clara Regional Wastewater Facility with modifications to the Land Use Component consistent with staff recommendations.
2. Recommend that this report be placed on the November 19, 2013 Council Agenda.

OUTCOME

Adoption of the staff-recommended land use scenario would replace the April 19, 2011 Preferred Alternative land use component for the Plant Master Plan (Plan) with a land use component that would maximize environmental features while still retaining the same economic development opportunity. Adoption of the Plant Master Plan would allow staff to begin critical infrastructure improvement at the San José-Santa Clara Regional Wastewater Facility.

EXECUTIVE SUMMARY

The City has engaged in a three-year process between the years 2007 and 2010 to develop the Plan. This extensive process involved community and stakeholder input and technical analysis and review. The primary purpose of the Plan is to ensure San José-Santa Clara Regional Wastewater Facility (Facility), formally known as the San Jose/Santa Clara Water Pollution Control Plant, continues to protect the public health and the environment, to support the region's economy, and to create a new vision for San José's South Bay shoreline.

The Plan has two components:

- **Technical Component:** The technical component provides a roadmap for replacing the Facility's aging facilities and infrastructure, and consists of process changes and long-range capital projects that will enable the Facility to meet future regulatory requirements and population demands using sustainable, energy-efficient, and cost-effective solutions. The capital projects include odor control projects and a major change in the treatment and disposition of biosolids. The proposed new process would phase out the current need for over 500 acres of open air lagoons and drying beds over the next 15 years. The new

process of enclosing the treatment and use of mechanical dewatering would shrink the Facility's operational footprint, and reduce odors enabling potential new land uses along the South San Francisco Bay shoreline.

- **Land Use Component (Project):** The land use component proposes a mix of new land uses on the Facility bufferlands and current biosolids processing area that include: economic development with a focus on Clean Tech and job creation; recreational uses including trails and parks; enhancement of upland habitats; and restoration of habitats. The focus of the extensive community stakeholder process was on a balanced plan that would meet broad and important community goals like job and revenue generation, improve Facility operations, and promote environmental stewardship.

Pursuant to the California Environmental Quality Act (CEQA), a draft Environmental Impact Report (DEIR) was prepared and circulated in early 2013. The DEIR identified that the Plan could have environmental impacts in areas such as transportation, noise, air quality, biological resources, hydrology, hazard and hazardous materials, water quality, aesthetics and cultural resources. The DEIR, along with the 1st Amendment of the DEIR (collectively, the Final EIR), is scheduled for hearing by the Planning Commission on October 30, 2013 for consideration of certification. The Council must first consider the Final EIR before taking action on the proposed Plan.

The DEIR evaluated reasonable alternatives to the April 19, 2011 Preferred Alternative to either avoid or significantly reduce the environmental impact of the project. The DEIR examined five alternatives, including a No-Project Alternative. The other four alternatives consisted of several combinations of increased open space and reduced footprint of economic development, with jobs ranging from 6,700 to 15,400.

In response to the comments on the DEIR received from various resource agencies and the public, ESD staff evaluated several options that would go farther in addressing the concerns expressed. With input from the Office of Economic Development and the City Manager's office, staff is recommending that Alternative 4: the Eastern Open Space Compressed Development Plan be adopted, with minor modifications, as the new Land Use Component of the Plan. This alternative proposes a land use scenario with a smaller development footprint but virtually the same number of jobs compared to the April 19, 2011 Preferred Alternative. Economic development would be located along Highway 237 to promote visibility and viability. The proposed new land use scenario would also meet the goals of the Plan, such as job creation and habitat preservation. The details of Alternative 4 and its environmental impacts are described in section 7.3.4 of the DEIR. The Draft EIR is available online at <http://www.sanjoseca.gov/DocumentCenter/View/10967>.

If approved by the Council, the proposed land use scenario recommended by staff would replace the Land Use Component currently described in the Plan. Staff is not proposing any changes to the Technical Component of the Plan. The Plan summary report is available online at <http://environment.sanjoseca.gov/DocumentCenter/View/5604>.

BACKGROUND

The Facility serves approximately 1.4 million residents in the cities of San José, Santa Clara, Milpitas, Cupertino, Campbell, Los Gatos, Monte Sereno, and Saratoga. While the Facility has successfully served the community for 57 years, aging pipes, pumps, concrete, and electrical systems need immediate and long-range attention in order to continue those successful operations well into the future.

On March 27, 2007, the Council accepted staff's report analyzing the infrastructure, planning, and financing needs of the City's wastewater treatment facilities and provided direction to staff to proceed with the development of a Plan for the Facility. In November 2007, Council approved a contract with Carollo Engineers to develop a Plan that would address the operational needs of the Facility and potential development of the surrounding bufferlands through 2040.

The Plan project team was guided by the Plant Master Plan Steering Committee, made up of staff from the Facility's two co-owning cities (San José and Santa Clara) and from the tributary agencies served by the Facility. The project team also provided quarterly updates to the Treatment Plant Advisory Committee (TPAC), and the San José's Transportation and Environment Council Committee (T&E) to solicit policy guidance from interested stakeholders throughout the process..

The following goals for the Plan were developed based on the principles of sustainability:

- Operational: To have a Facility that is both reliable and can respond to changing conditions;
- Economical: To have a Plan that would maximize the economic benefits for ratepayers through cost-effective options;
- Environmental: To have a Plan that would improve the habitat in the bufferlands, and to minimize potential impacts to the local and global environment; and
- Social: To have a Plan that would maximize community benefits through improved aesthetics and recreational uses.

During the three-year Plan process, staff, with the assistance of Carollo Engineers, developed a set of technical components for the Plan, and three land use components. Through an extensive public input process, one of the land use alternatives was selected, and recommended to the Council as a "Preferred Alternative".

Staff developed the Preferred Alternative with extensive technical oversight, agency feedback, and public and stakeholder input. In addition, staff addressed comments from the Facility's tributary partners, and considered the Milpitas Guiding Principles for Plant Master Plan Reconstruction and Land Use Alternatives.

A critical component of the planning process included participation and input from stakeholders and the larger community on possible new land uses and proposed Facility improvements. The public input occurred through ongoing input from the Community Advisory Group (CAG), and at the following times for certain subject matters:

1. May to November 2009: input was collected on community values for the Facility lands, and this input was used to develop three land use alternatives.
2. May to November 2010: input was collected on three land use alternatives. The input was used to refine the Preferred Alternative.
3. November 2010 to January 2011: Community input was collected to further refine the "Preferred Alternative" recommended to the Council in April 2011.

In April of 2011, the City Council selected the Preferred Technical and Land Use Components for the Plan, and directed staff to proceed with the Environmental Impact Report (EIR) pursuant to the California Environmental Quality Act (CEQA) for the draft Plan.

The memorandum is available online at:

http://www3.sanjoseca.gov/clerk/Agenda/20110419/20110419_0704.pdf

The Draft EIR was circulated for public review for 61 days from January 11 to March 13, 2013. It is anticipated that the Final EIR will be presented at the Planning Commission hearing on October 30, 2013, for consideration of certification, pursuant to the CEQA process. The memorandum to the Planning Commission and the City Council discussing the Final EIR will be submitted under separate cover by the Planning Department.

ANALYSIS

The Land Use Component of the Preferred Alternative contained in the draft Plan includes proposed new uses for the lands not already reserved for wastewater treatment or Facility buffer, including commercial, retail, and light industrial development; creating and/or restoring habitat and natural corridors to support wildlife; and, a regional community park and trails to connect the Bay Trail and meet future recreational demand.

Staff now recommends Alternative 4 with certain modifications.

Alternative 4 (Modified)

The DEIR identified four land use alternatives to the "Preferred Alternative" selected in April 2011. The Alternative 4 - Eastern Open Space Compressed Development Plan would eliminate the Dixon-landing Road connection, and would limit economic development to the land south of the Facility operational area fronting Highway 237. Staff recommends the following minor modification to Alternative 4:

Increase Light Industrial use by replacing the Institute, Combined Industrial/Commercial, and Retail uses with more acreage for Light Industrial use, since this is one of the most highly desired job-types in the region.

Alternative 4 as modified represents a strategic opportunity to increase much needed jobs and advance the City's environmental goals. The modified Alternative 4 would allocate approximately 1,155 acres of land for habitat and roughly 15% of that acreage or roughly 160

acres of land for economic development. It is anticipated that through adjustment to the job mix, the development would still generate approximately the same number of jobs as the "Preferred Alternative" while minimizing the footprint of the development by over 50 percent. Due to the concentration of development in North San José, maintaining economic development along Highway 237 is highly desirable to certain industries because that location offers maximum visibility and accessibility to the existing roadways.

A map comparing the modified Alternative 4 to the Preferred Alternative is provided as Attachment A. A summary of land use areas of these two plans is provided as Attachment B.

Reduced Footprint

A modified Alternative 4 would provide opportunity to preserve flexible space otherwise eliminated by the construction of the Dixon Landing Road extension that was proposed for the area east and north east of the Facility operational area. This area currently contains the Santa Clara Valley Water District's mitigation area and the adjacent Coyote Creek. Alternative 4 as modified would also reduce some construction-related dust, noise, and emissions relative to the Project, since the footprint of economic development is reduced by almost 50 percent. Under this alternative, some of the potential concerns raised in the DEIR should decrease relative to the Project, with the exception of potential transportation impacts due to the development.

Plant Master Plan Objectives

The modified Alternative 4 meets most of the objectives of the Plan, and partially meets the objectives of Transportation and Recreation. If economic development is limited to the area south of the Facility operational area, there would not be a need to construct a Dixon-Landing Road connection which would reduce environmental impact to the area east and northeast of the Facility operational area. Staff is also recommending that the Institute, a proposed partnership between industry and education, be removed to preserve more of the existing development footprint for jobs. Staff will explore other educational partnerships.

Environmental Uses

The modified Alternative 4 would preserve approximately 1,155 acres of the Facility's property for habitat restoration. Habitat restoration would be implemented in partnership with other entities such as the Santa Clara Valley Audubon Society, the Santa Clara Valley Habitat Conservation Plan (HCP), and the Santa Clara Valley Water District. The following habitat types would still be protected, created, or restored under the modified Alternative 4:

- *Burrowing Owl Habitat.* Approximately 180 acres of grassland habitat west of the Facility operational area would be protected and managed to support burrowing owls, a California species of special concern. Staff recommends analyzing the various options available to the Facility to provide for the long term maintenance and protection of these lands for burrowing owls including, but not limited to, incorporation of the lands into the Habitat Conservation Plan area, and/or to meet any mitigation requirements in future permits required to implement the Technical Component.

- *Riparian Habitat.* Approximately 200 acres of riparian habitat adjacent to the Flex space, including the habitat along Coyote Creek and a restored Artesian Slough corridor, would be provided.
- *Marsh / Mudflats.* Situated on the site in the location of the existing Pond A18, over 800 acres of salt marsh habitat and tidal areas adjacent to the Bay could be constructed to help provide flood protection and restore a transition from the salt marsh habitat through brackish to perched freshwater wetlands and upland grasslands. This habitat would also support special status species such as the clapper rail and salt marsh harvest mouse and provide large contiguous areas for these inhabitants.

Flood Protection

As part of the Plan, Environmental Services staff has been actively coordinating with the Army Corps of Engineers, the State Coastal Conservancy, and the Santa Clara Valley Water District on the South Bay Shoreline Study project to determine the appropriate alignment for Bayside levees to protect the Facility and Alviso from sea level rise and tidal flooding; and to ensure that lands in the staff recommended land use scenario are designated for future levee placement. It is also anticipated that the restoration of A18 will occur as part of the Shoreline Project.

Recreational Uses

A modified Alternative 4 provides recreational opportunities on land surrounding the Facility's operational area. These facilities could be developed in partnership with other agencies and entities, as appropriate funding for these projects become available. Proposed facilities include:

- *Trails.* 9 miles of new trails and connection to the Bay Trail.
- *Park.* A new 40-acre park with sports fields.
- *Habitat Areas.* Access to the Facility's Bay front for bird watching and hiking.

Phasing and Fiscal Information

The development of the Facility lands proposed under the Plan is contingent on market demand. In addition, future development and availability of land would be contingent on ensuring that the infrastructure improvements at the Facility can adequately mitigate the effect of potential odors on sensitive receptors and that development would not interfere with Facility operations.

Market conditions for industrial property have improved significantly since prior economic and fiscal analysis was undertaken in 2008; land values have increased in the area. Silicon Valley's technology and manufacturing industries are vital. Large campus sites are highly desirable and in short supply. The highway 237 corridor has been firmly established as a desired location for tech and manufacturing users. Staff anticipates that up to 15,000 jobs could be supported through the land use plan as proposed. Associated employee income would be directly infused into the local economy and additional jobs and income would be indirectly implemented from the local purchases of goods and services by the new business and employees.

At build-out estimated ground lease revenue is projected to be between \$10 million to \$12.5 million annually. It is estimated that an additional \$4 million to \$5.5 million will be generated annually from associated property tax, sales tax, utility users tax, franchise tax, amongst other

revenues. Substantial additional benefit would be derived from the City of Santa Clara, the County of Santa Clara, local school districts and the tributary agencies. .

The economic analysis using the IMPLAN economic assessment model for Santa Clara County showed that the total economic impact of this development, considering construction and permanent economic activity, is approximately \$16.5 billion – a substantial benefit to the region.

The staff recommended land use scenario is shown side-by-side with the original Preferred Alternative as a conceptual map in Attachment A. An Executive Summary of the Draft Plant Master Plan is provided as Attachment C.

EVALUATION AND FOLLOW-UP

The steps in the Draft Plant Master Plan adoption process include:

- ***First Amendment to the DEIR Circulation:*** The First Amendment to the DEIR will include response to comments received on the draft EIR and any revisions to the EIR text. The document is targeted for circulation no later than October 18, 2013 for the statutory 10-day public review period.
- ***Certification of the Final EIR.*** The Planning Commission public hearing to certify the Final EIR is tentatively scheduled for October 30, 2013. Prior to the Council's consideration of the adoption of the Plant Master Plan, an EIR resolution will be brought to Council to consider for adoption. This Council hearing is scheduled for November 19, 2013.
- ***Formal Approval of the Plant Master Plan:*** The Plant Master Plan is intended to guide both Plant infrastructure improvements and land use decisions for the next 30 years. Concurrent to the EIR adoption, the Planning Commission and Council will consider adoption of the Plant Master Plan.
- ***General Plan Amendment.*** The land use principles incorporated in the Plant Master Plan propose new uses in the lands surrounding the Facility, as well as new roads and trails. To implement these land use functions, the Envision 2040 General Plan need to be amended. The amendment proposal will be brought forward to the Planning Commission and the City Council, concurrent to the certification of the EIR and adoption of the Plan Master Plan at the hearing dates mentioned above.
- ***Formal Approval for the Santa Clara City Council:*** As a co-owner of the Facility, the Santa Clara City Council will also independently consider the Final EIR, and adoption of the Plant Master Plan, subsequent to San José City Council's final action. The date scheduled for this hearing is December 3, 2013. In addition, an informational memo about Plant Master Plan Adoption and the staff recommendation will be presented to the Santa Clara City Council on November 12, 2013.

POLICY ALTERNATIVES

Alternative #1: Adopt the Plant Master Plan with the "Preferred Alternative" selected by the Council in 2011

Pros: The Preferred Alternative selected in 2011 is the Project based on the collective input of the stakeholders during the Plant Master Plan development process.

Cons: While the Preferred Alternative attempts to balance all interests, proceeding with the land use component would reduce future open space and habitat areas.

Reason for not recommending: Decreases remaining flexible space for habitat, open space, job development, or Facility expansion beyond the planning window.

Alternative #2: Select from Alternatives 2, 3, or 5 that were analyzed in the DEIR.

Pros: Alternatives 2, 3, or 5 offer a range of options with varying levels of development vs. preservation of open space/habitat.

Cons: None of these alternatives would meet the goals of the Project to the fullest extent practicable as modified Alternative 4.

Reason for not recommending: Limits either the potential for economic development or reduces the amount of open space/habitat depending on the alternative.

Alternative #3: No Project.

Pros: Conditions at the site remain largely unchanged.

Cons: Facility reliability could be expected to decline. Odor control projects would not be implemented. New jobs would not be implemented and new habitat would not be created.

Reason for not recommending: The no project alternative does not address any of the Facility's aging infrastructure needs, the City's economic development goals, or formally designate any areas for open space or habitat conservation.

PUBLIC OUTREACH/INTEREST

- ☐ **Criterion 1:** Requires Council action on the use of public funds equal to \$1 million or greater. **(Required: Website Posting)**
- ✓ **Criterion 2:** Adoption of a new or revised policy that may have implications for public health, safety, quality of life, or financial/economic vitality of the City. **(Required: E-mail and Website Posting)**
- ☐ **Criterion 3:** Consideration of proposed changes to service delivery, programs, staffing that may have impacts to community services and have been identified by staff, Council or a Community group that requires special outreach. **(Required: E-mail, Website Posting, Community Meetings, Notice in appropriate newspapers)**

The DEIR was circulated from January 13, 2013 through March 13, 2013, which included a statutory public review period of 45 days and a 15-day extended review period. The First Amendment of the DEIR will be circulated for a statutory public review period of 10 days. Public comments were accepted by the Planning Department during these public review periods.

During these opportunities for public input, approximately 50 comment letters were received from US and State Resource Agencies, non-profit and environmental organizations, the Tributary Agencies, neighboring cities, private property owners adjacent to the Facility and other interested individuals. Public concern focused on land use issues, noise, hydrology and flood control issues, biological resources issues, and technical issues related to the DEIR text. Staff refined the Land Use Component of the Draft Plant Master Plan based on these comments.

COORDINATION

This report has been coordinated with the City Attorney's Office, the Budget Office, Department of Planning, Building and Code Enforcement, and the Office of Economic Development.

FISCAL/POLICY ALIGNMENT

This recommendation is consistent with the goals and objectives of the Envision San José 2040 General Plan and addresses critical infrastructure investment.

CEQA

Not a Project, File No. PP10-069 (a), Staff Reports / Assessments / Annual Reports / Informational Memos that involve no approvals of any City Actions.

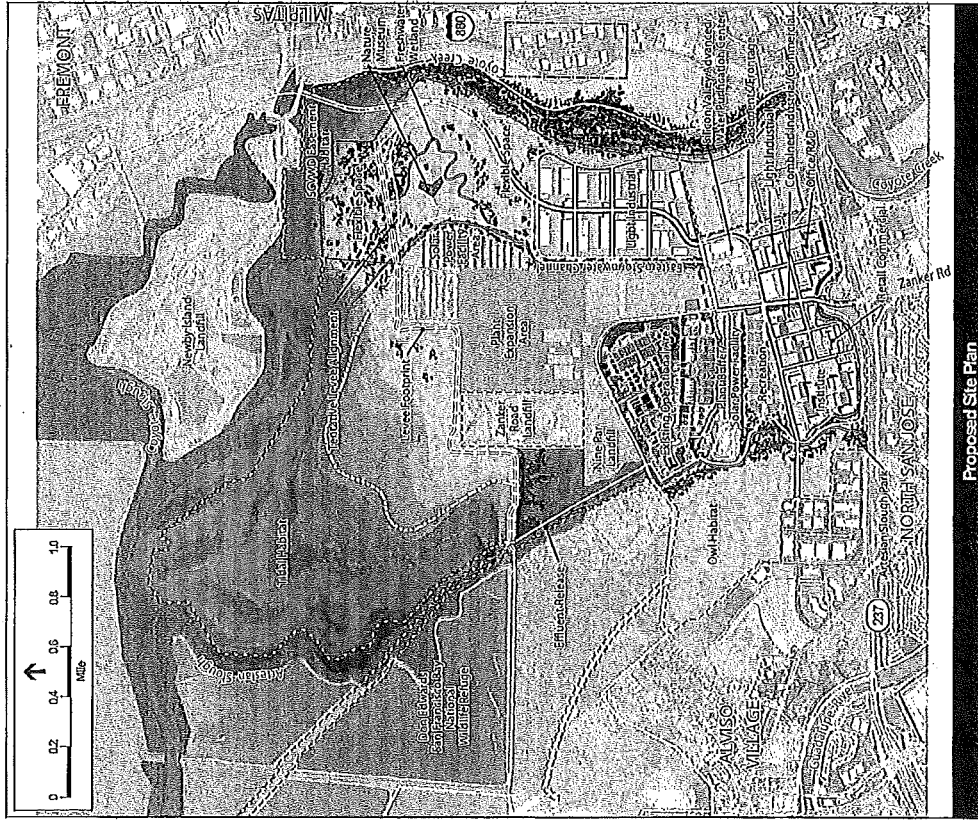
/s/

KERRIE ROMANOW
Director, Environmental Services

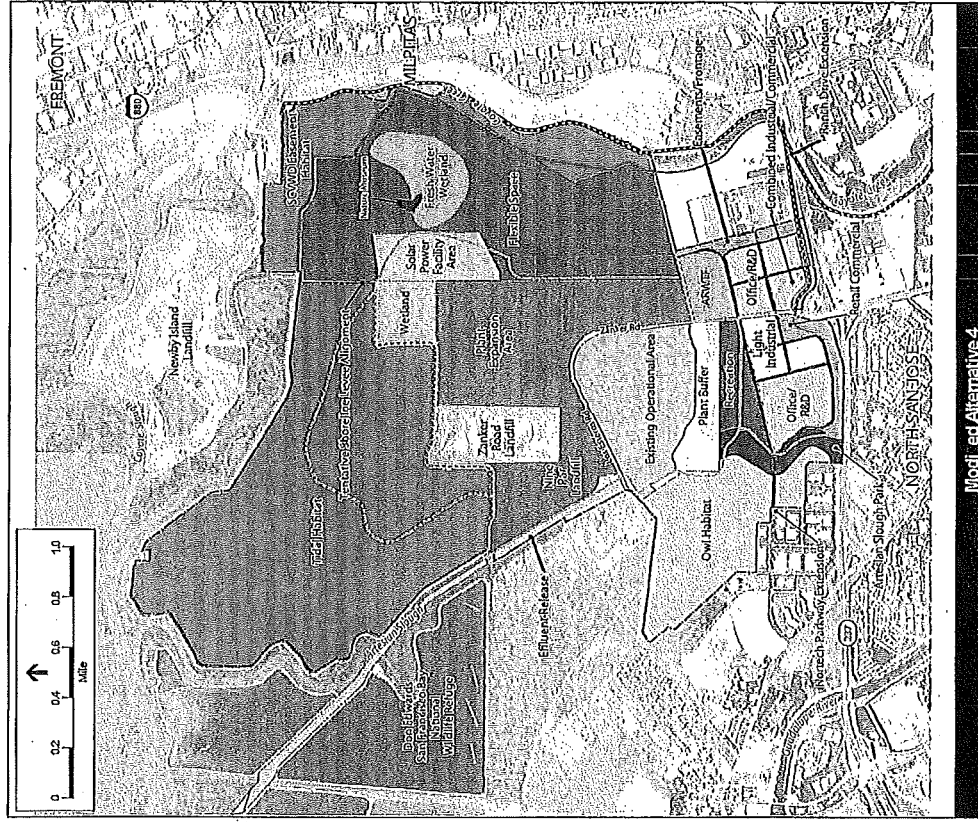
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Attachments:

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Proposed Site Plan



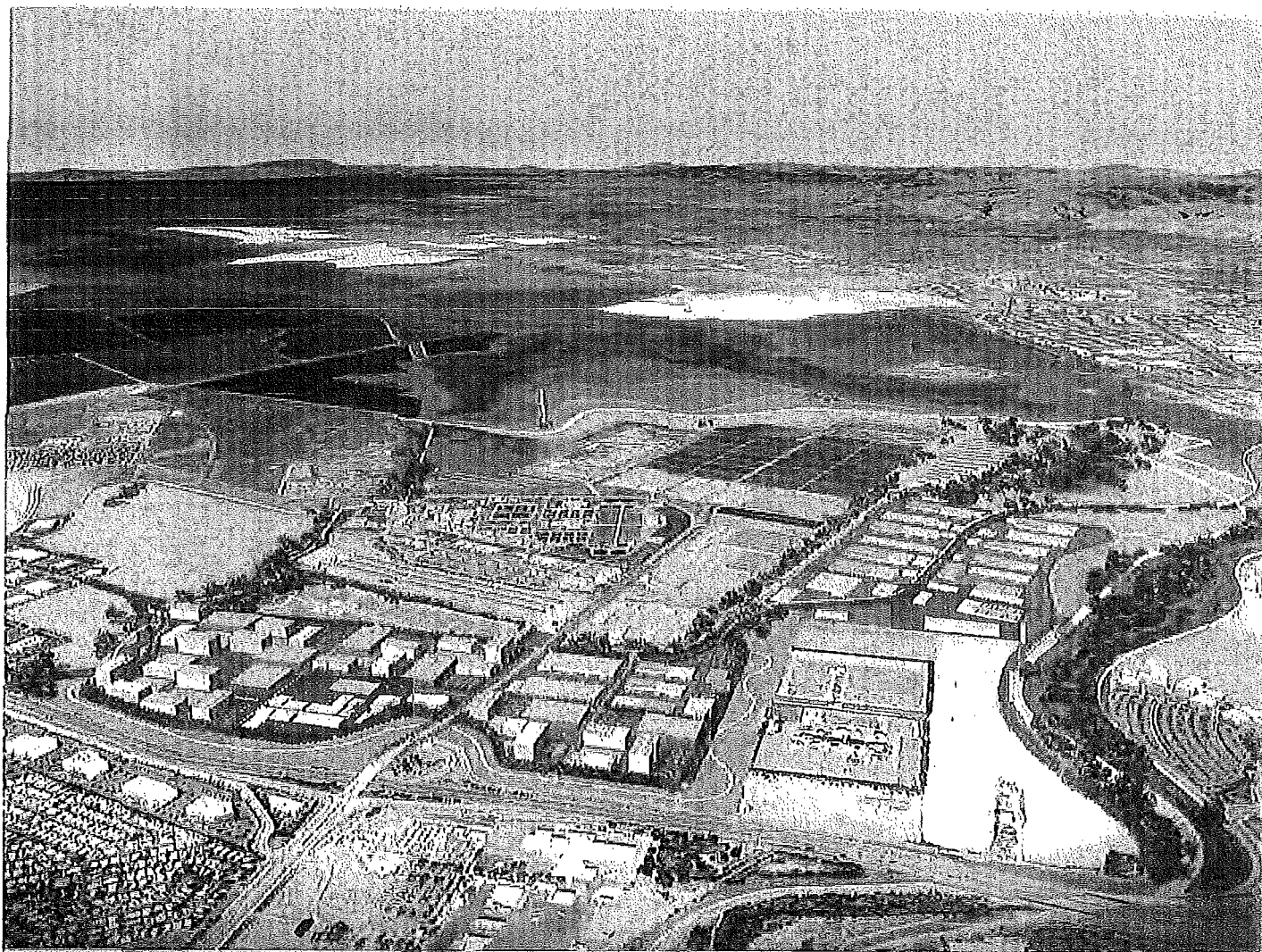
Modified Alternative 4

**LAND USE AREAS ASSOCIATED WITH
PREFERRED ALTERNATIVE AND ALTERNATIVE 4**

	Proposed Project	Alternative 4: Eastern Open Space Compressed Development	Modified Alternative 4
LAND USE			
<i>WPCP and Recycled Water Area; Effluent Release</i>			
Proposed Operational Area, Recycled Water Facilities, Effluent Release, Plant Buffer Area with Solar Power Facility (E1-P1), and Solar Power Facility Area (E1-P2)	618	618	618
<i>Habitat and Flood Protection</i>			
Levee and Marsh/Mudflat/Shallow Bay/Upland Habitat	847	847	847
Artesian Slough Riparian Corridor	32	32	32
Freshwater wetland	35	61	61
Wetland Refinement Area	35	35	35
Owl habitat	180	180	180
Eastern Stormwater Channel	18	18	-
<i>Sub Total</i>	<i>1,143</i>	<i>1,173</i>	<i>1,155</i>
<i>Economic Development</i>			
Light Industrial	158 ^a	11	31
Institute	45	21	-
Office/R&D	23	81	81
Retail Commercial	16	5	5
Combined Industrial/Commercial	21	11	11
Road	64	31	31
<i>Sub Total</i>	<i>327</i>	<i>159</i>	<i>159</i>
<i>Recreation</i>			
Recreation (community park and athletic facility)	40	40	40
Trails	12 miles	9 miles	9 miles
Education Center / Nature Museum	2	2	2
<i>Sub Total</i>	<i>42</i>	<i>42</i>	<i>42</i>
<i>Other Land Uses</i>			
Flexible Space	247 ^a	389	407
Easements/Frontage	37	37	37
Santa Clara Valley Water District (SCVWD) Easement	165	165	165
Nine Par Landfill	90	90	90
<i>Sub Total</i>	<i>539</i>	<i>681</i>	<i>699</i>
TOTAL	2,674	2,674	2,674

^a In order to meet the jobs target for the PMP (15,400 jobs), 132 acres of the 247 total acres of Flexible Space, listed under "Other Land Uses", is assumed to be developed as Light Industrial. Flexible space may ultimately be proposed for light industrial, open space, or other uses at a future date.

Numbers may not total due to rounding.



SAN JOSE/
SANTA CLARA
WATER POLLUTION
CONTROL PLANT

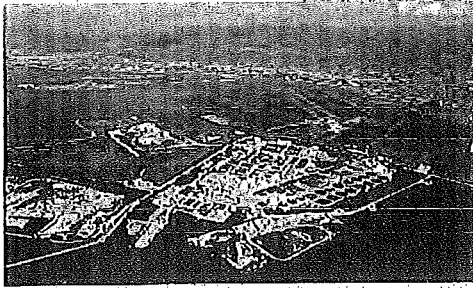
DRAFT PLANT MASTER PLAN Executive Summary APRIL 2011

carollo
Engineers. Working Wonders With Water.

BROWN AND
CALDWELL

SOM

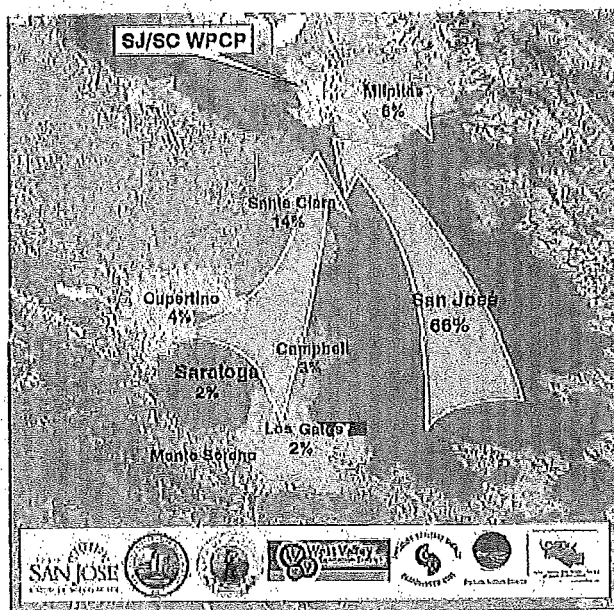
EXECUTIVE Summary



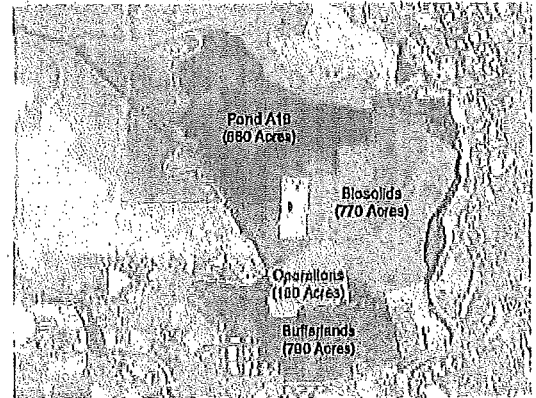
1: Purpose of the Plant Master Plan

The Plant Master Plan (PMP) development has been a three-year process based on the principles of sustainability. The purpose is to develop a central planning document to guide improvements to the San Jose/Santa Clara Water Pollution Control Plant (WPCP or Plant) over the next 30 years (through the year 2040). The Master Plan covers the facilities, processes, and land uses within the 2,684-acre boundary of the Plant, including the former salt pond A18.

The Master Plan does not address the sanitary sewer collection system, stormwater collection, water efficiency programs, or any area outside of the Plant's property. It does, however, consider several



The WPCP serves 1.4 million people in eight communities in the South Bay.



Existing uses on the Plant's 2,684-acre site.

external factors potentially impacting planned wastewater treatment capacity, level of treatment, and selected technologies. These factors include: community concerns regarding adjacent land uses; potential impacts of upstream stormwater diversion; recycled water demand; water conservation; upstream source reductions; and climate change, among others.

The Master Plan is a comprehensive planning document that incorporates the values of the broader community and the public, and includes:

- An overall vision for the future, which includes the goals and objectives to achieve that vision.
- Identification and development of future projects, estimated costs, and establishment of the need and timing of:
 - repair/replacement of aging infrastructure;
 - new facilities to accommodate planned growth; and
 - new facilities to meet existing and future regulatory requirements.
- An Implementation Plan, including a Capital Improvement Plan (CIP), schedule, and cash flow analysis.
- A long-range Land Use Plan that balances economic development, environmental restoration, and recreational opportunities.

The Plant's future operations both determine the space available on the Plant lands for new uses and what uses will complement the Plant's operations.

The Plant's potential to provide clean water, excess heat, and low-cost energy makes the Plant lands an optimal site for industrial development. The Plant lands' proximity to the San Francisco Bay and location between the Guadalupe River and Coyote Creek provides the region with a rare opportunity to create and protect threatened habitats and connect the regional trail system. The Plant Master Plan provides a blueprint for how these very different uses can thrive on the Plant lands while protecting the Plant's wastewater treatment operations, one of the region's most vital infrastructure assets valued at over \$3 billion.

2: Plant Master Plan Process

The master plan process generally consisted of five phases: 1) defining the major goals, objectives, and master planning requirements including existing background setting and anticipated future needs; 2) brainstorming a wide range of solutions, and identifying conceptual alternatives, with screening to select viable alternatives; 3) developing viable alternatives; 4) evaluating viable alternatives; and 5) developing the recommended program. These five phases were incorporated into an overall alternatives development process. The environmental documentation associated with the completion of this Plant Master Plan will be completed in early 2013.

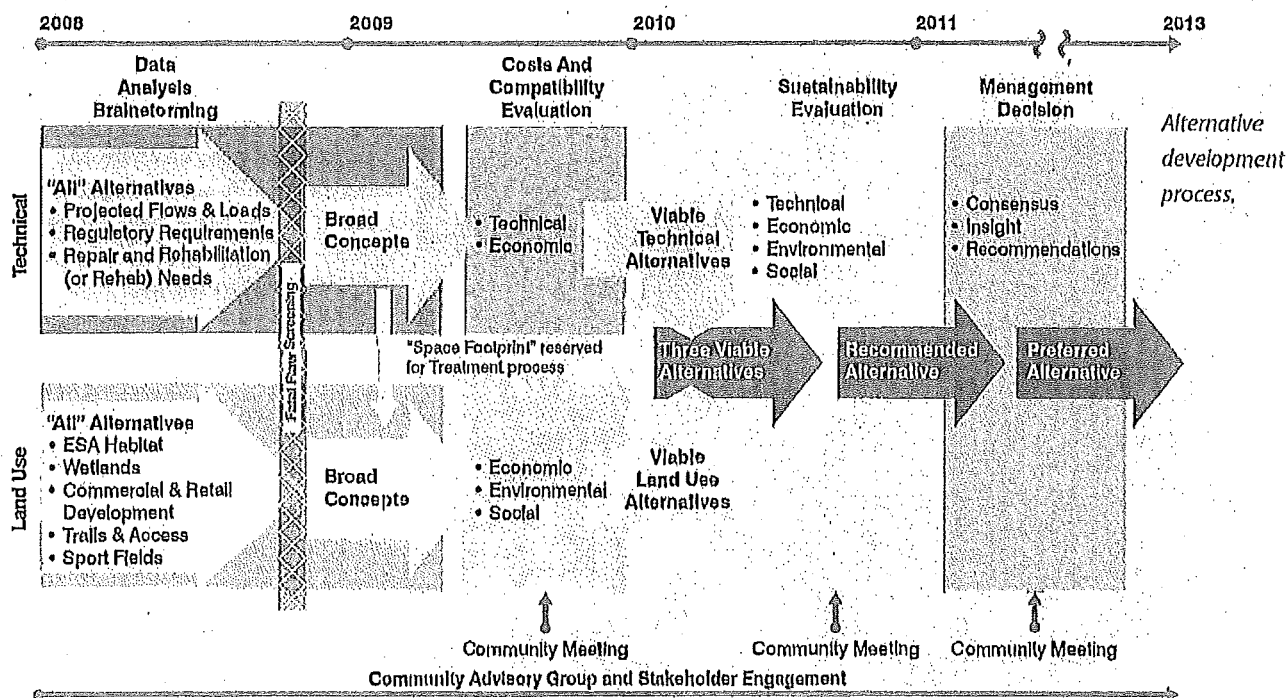
Stakeholder input was integral in shaping the direction of the Master Plan and its outcomes throughout the planning process. The stakeholders included the San José City Council, the City of Santa Clara and the tributary agencies, nearby communities, participating agencies, a Plant Master Plan Steering and Executive Committee, an independent Technical Advisory Group (TAG), and a Community Advisory Group (CAG).

Internal Stakeholders

The project kicked off in 2008 with a series of meetings with staff and technical experts in wastewater, natural systems, and innovative land uses, to explore the entire range of possibilities for the Plant and the Plant lands. These concepts developed in a brainstorming workshop helped establish the overall goals and objectives for the Plan. The specific technologies and land uses were filtered through a fatal flaw analysis and the overall City of San José and regional land use goals. These foundational workshops allowed staff to begin the community engagement process with viable operational and land use concepts to ensure the highest quality input.

"Fatal Flaw" Technical Screening Criteria

- Feasible at large-scale facility.
- Cannot significantly expand current process footprint.
- Cannot reduce system reliability.
- Must have the ability to meet future regulatory requirements.
- Good neighbor/public value.
- Must be able to mitigate odor impacts.
- Available buffer must be able to mitigate aesthetic impacts.



Community Meetings

Inviting stakeholder and community input on possible new land uses and proposed Plant improvements has been a key part of the planning process. To date, there have been three phases of public input:

- May to November 2009, input was collected on community values for the Plant lands, and this input was used to develop three land use alternatives;
- May to November 2010, input was collected on the three land use alternatives – *Back to the Bay*, *Riparian Corridor*, and *Necklace of Lakes*. The input was used to refine the alternatives into one Draft Recommended Alternative; and
- November 2010 to January 2011, input on the Draft Recommended Alternative was collected and used to develop the Recommended Preferred Alternative.

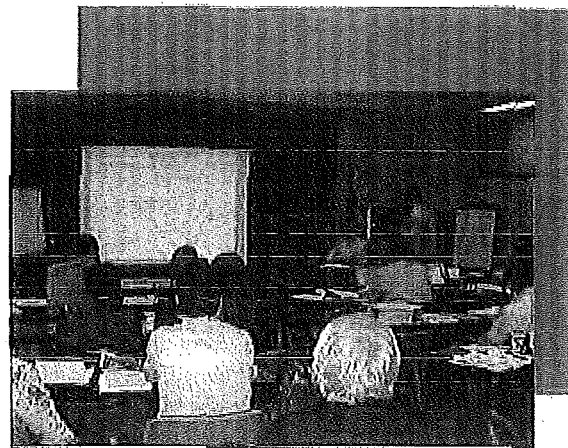
City staff has prepared Input Summary Reports that include all comments received and are available at www.rebuildtheplant.org.

Community Advisory Group (CAG)

The CAG was formed in Fall 2008 to provide consistent community perspective throughout the Plant Master Plan development. CAG members bring expertise in education, environment, business, recreation, and community activism, and represent the Plant's tributary cities. The CAG met over 20 times



Community Advisory Group.



One of three TAG meetings in process.

to identify the appropriate size and location of different land uses, and also discussed the impact of technical issues, such as odor and biosolids options.

Technical Advisory Group (TAG)

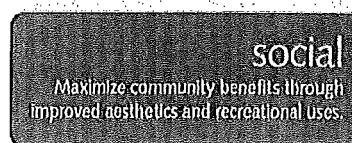
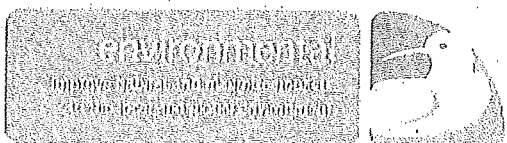
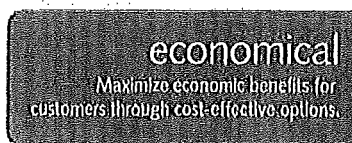
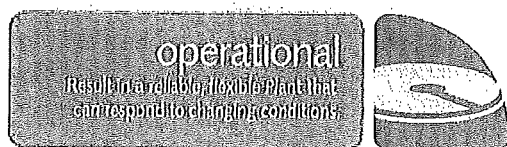
Experts from the wastewater industry met at three key milestones of the Plan's development to both help direct the consultant team towards new, innovative technologies and approaches, and also to review the consultant team's work and assumptions. The TAG recommended analysis of upstream intervention, resource recovery, and greater emphasis on odor control.

Agency Coordination

Project staff have sought input from regulators who oversee Plant operations and lands throughout the project. These agencies include: US Fish and Wildlife Service, US Army Corps of Engineers, EPA, CA Department of Fish and Game, State Coastal Conservancy, Bay Conservation and Development Commission, SF Bay Regional Water Quality Control Board, and the Santa Clara Valley Water District.

3: Plant Master Plan Goals and Objectives

The following goals were developed based on principles of sustainability.



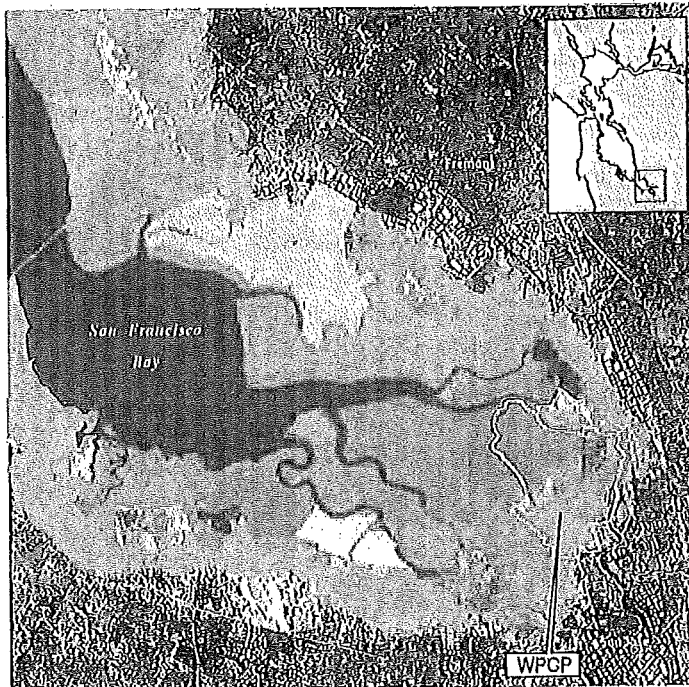
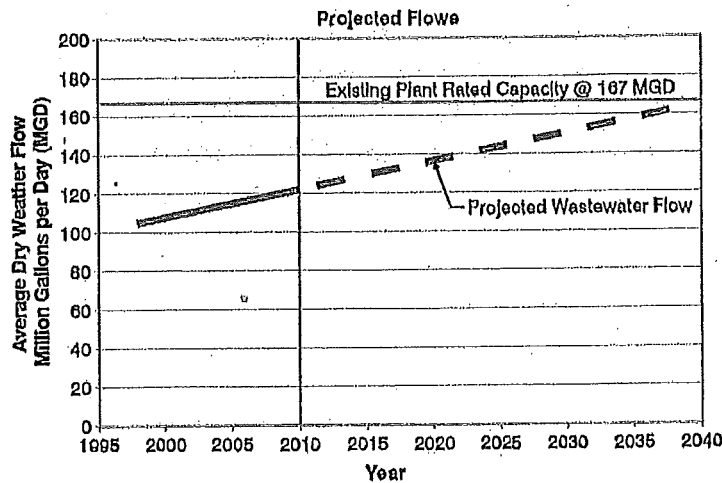
Objectives

The following 15 objectives guided the development of the recommended alternatives:

- Protect the environment, public health, and safety through reliable wastewater treatment that can accommodate population growth and meet foreseeable future regulations.
- Maximize the long-range efficient use of the Plant's existing facilities and reduce the footprint of the existing biosolids treatment area.
- Maintain cost-effective Plant operations and competitive sewer rates through enhanced operations, flexibility, and rigorous evaluation of new technologies.
- Reduce visual, noise, and odor impacts from Plant operations to neighboring land uses to the extent practicable.
- Promote additional resource recovery from Plant operations by supporting recycled water production, increasing biogas production, and diversifying biosolids reuse options.
- Pursue energy self sufficiency and reduced greenhouse gas emissions by promoting renewable energy generation, increased energy efficiency, and enclosed biosolids processing.
- Allow for the beneficial use of Plant effluent through multiple effluent release points and creation of freshwater habitats.
- Allow for complementary economic development, that enhances job growth, generates revenue, provides for partnerships with educational institutions, and supports the regional growth of the Clean Tech industry.
- Locate economic development on Plant lands to maximize viability and visibility.
- Protect the small-town character of the Alviso Village.
- Allow for complementary recreational uses, including interconnected trails to the Bay, environmental education, and addressing regional recreational needs.
- In partnership with other agencies, protect, enhance, and/or restore habitat, including upland areas, wetlands, and riparian vegetation near creeks.
- Allow for Pond A18 to provide water quality, ecosystem benefits, and flood control benefits.
- Promote access to recreational, educational, and economic development uses by improving transportation connections through the Plant lands.
- In partnership with other agencies, protect the Plant from flooding and risks associated with sea level rise.

4: Anticipated Future Needs/ Project Triggers

In the first phase of the process, the project team investigated the existing background setting and anticipated future needs. For the Plant's operations this involved analysis of over 10,000 process data points, 30-year population projections, condition of existing facilities, and emerging regulations. Unlike other typical master plans, the analysis showed that



Light blue indicates projected 55-inch sea-level rise.

this Master Plan is not flow driven. In addition, the analysis yielded the following project triggers.

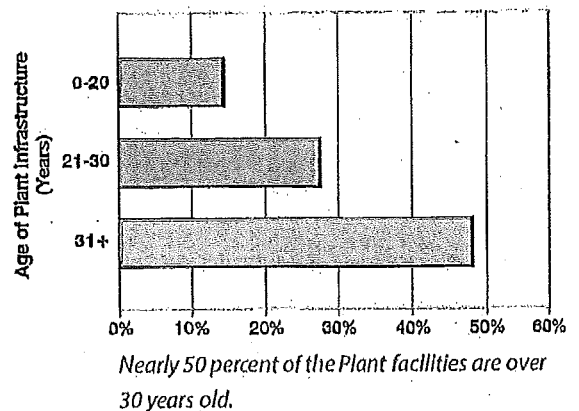
- **Critical Condition:** risk of failure of a vital facility or process requires repairs/rehabilitation.
- **Regulatory Requirement:** future regulatory requirements require adjustments or new processes.
- **Economic Benefit:** opportunities to save operating costs, including energy.
- **Improved Performance Benefit:** process improvements to increase reliability and reduce risks.
- **Policy Decision:** improvements based on policy direction.

5: Major Benefits of the Plan

Addresses Aging Infrastructure

The Plant was built in 1956 to treat the wastewater from food canneries and raw sewage from residents and businesses that was being dumped directly into the Bay. Major upgrades in the 1960s and 1970s, in response to water quality regulations, helped make the Plant's discharge even cleaner. Today, much of the infrastructure at the Plant is more than 30 years old, well beyond its design life. The Plant Master Plan began after an asset study found \$1 billion in infrastructure needs just to rebuild the existing Plant facilities, without looking at future needs and technology upgrades.

The facilities will be rebuilt to provide more efficient and cost-effective treatment by utilizing new technologies and maximizing the use of the existing infrastructure where possible.



Improves Treated Water Quality

Improved Nutrient Removal - Nitrogen is a natural part of our environment, but too much nitrogen (in the form of nitrates and ammonia) in a body of water may cause the marine habitat to degrade. Much of the nitrogen in the wastewater is already removed in the secondary treatment process. The Plant currently meets permit requirements for nitrogen removal. Denitrification filters are an effective technology in removing total nitrogen that can be added in the future if limits become more stringent.

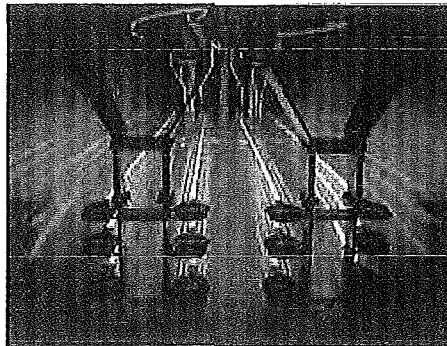
Ability to Handle Peak Flows - Even though untreated rainwater flows directly to the Bay through stormdrains, the flows to the Plant increase significantly during storm events. The Plant has already invested in a wet weather reliability project that provides for storage of raw sewage when needed. The Plant Master Plan recommends improving this storage basin as well as expanding the headworks and adding additional storage to handle increased seasonal flows.

Pilot programs, experimental small scale versions of a full-scale project, help the Plant make sure that the proposed technology is appropriate before beginning a major capital investment. These programs may also help grow the economy and produce cleantech jobs by promoting new technologies in Silicon Valley.

Additional Discharge Points - The Plant currently discharges to the Bay at one location - Artesian Slough. In the past, this discharge was thought to convert salt marsh to freshwater marsh. The Plant was therefore required to maintain summer discharge flows below 120 million gallons per day. To better distribute the Plant's constant supply of freshwater into the South Bay, three discharge points are proposed:

- Restored Artesian Slough riparian area;
- Freshwater wetlands discharging to the Bay; and
- Wet-weather overflow to the Bay.

Freshwater wetlands are an important habitat in the South Bay. Restoring a transition from salt



UV technology is gaining wide acceptance in the wastewater industry.

to brackish to freshwater marsh was identified as a significant opportunity in the Baylands Ecosystem Habitat Goals Project developed by scientists for the Bay Area in 1999.

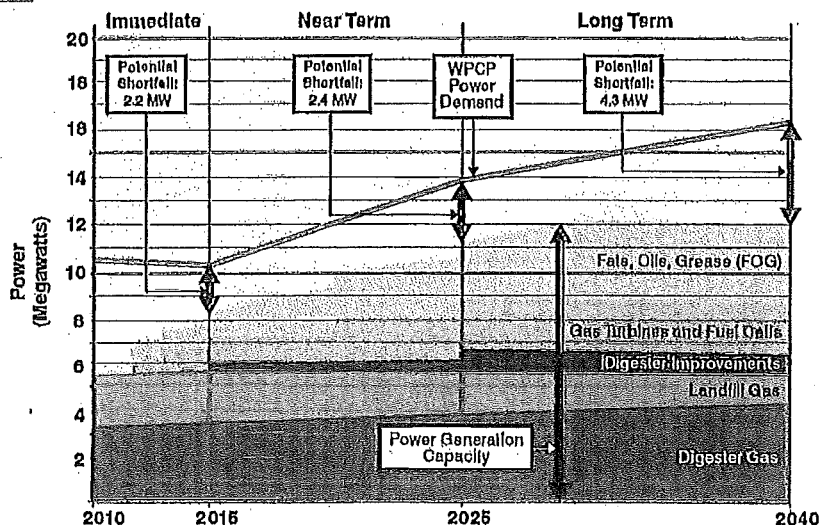
Addressing Contaminants of Emerging Concern

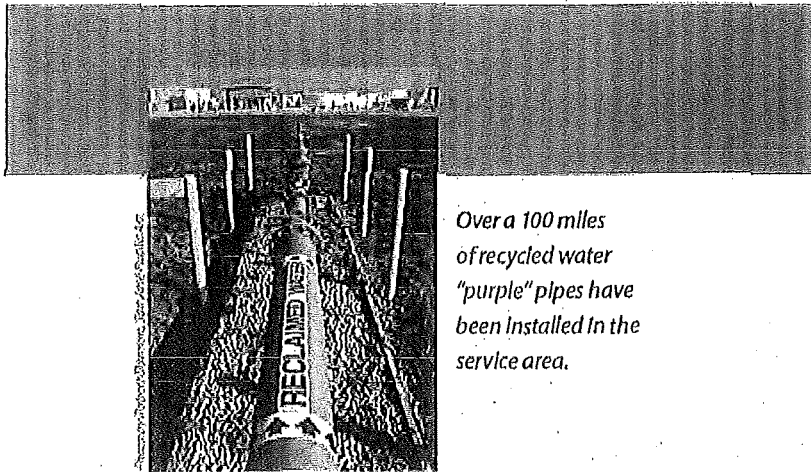
Contaminants of Emerging Concern (CECs) are pollutants not currently regulated or included in routine monitoring but may be regulated in the future. Ultraviolet disinfection in combination with peroxide has been shown to neutralize CECs and is recommended as one of the potential technologies to be evaluated for future implementation.

Turns Wastewater into Usable Energy, Byproducts, and Recycled Water

Biogas - The Plant already produces biogas and utilizes landfill gas (both are methane sources) to generate electricity, which would be generated in the future by gas turbine generators and fuel cells. Alternative energy technologies, like solar, are being

Improved technology and additional feedstock will help the Plant generate most of the power needed to meet its demand.





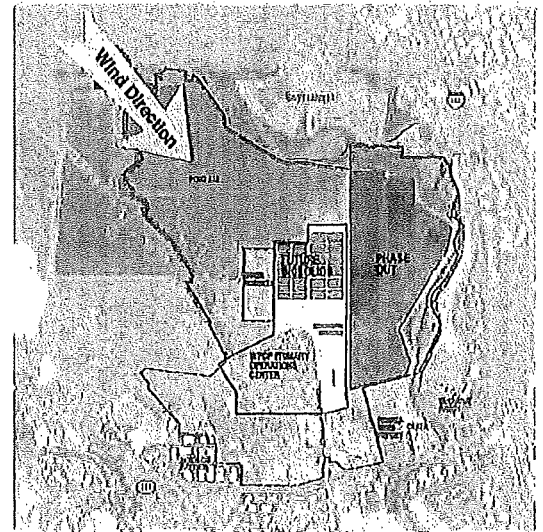
Over a 100 miles of recycled water "purple" pipes have been installed in the service area.

considered to help the Plant become fully energy self sufficient and reduce greenhouse gas emissions.

Biosolids - Major changes include:

- Improving the digesters' mixing technology will increase methane production. It is possible to enhance the methane production in the digesters by adding fats, oils, and grease (FOG) and food waste to the digesters.
- The Plant currently sends all of its dried biosolids to a nearby landfill as "alternative daily cover." Creating more disposition options for biosolids, like composting or land application through the use of new dewatering and drying technology, will allow the Plant to produce a usable product for agriculture.
- New technologies also enable the use of biosolids as a fuel source in a waste-to-energy facility.

Recycled Water - The Plant currently recycles about 10 percent of its flow for use by industrial and



Phasing out the existing biosolids lagoons and drying beds will reduce off-site odor impacts.

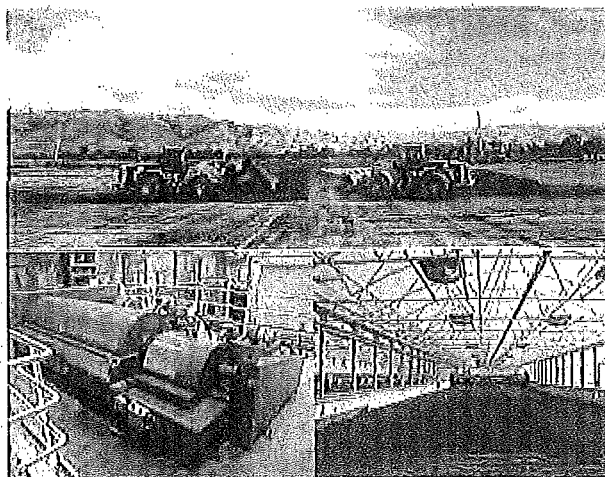
landscaping customers in San José, Santa Clara, and Milpitas as part of the South Bay Water Recycling program. In partnership with the Santa Clara Valley Water District, an Advanced Water Treatment Facility (AWTF) is being constructed to further improve the quality of recycled water and provide for additional applications. The Plant Master Plan reserves land for expansion of this facility in the future.

Addresses Odors to be a Good Neighbor

To reduce odors in the region, the Plant has both changed its operational practices and is also planning to participate in a regional odor study with neighboring facilities. Furthermore, the Plant Master Plan proposes to cover and ventilate selected process tanks as they are repaired or replaced, and to treat the air to further reduce odors. The most significant odor control modifications will include converting the lagoons and drying beds to mechanical dewatering and drying. As a result, the biosolids processing area reduces from approximately 500 to 200 acres. This is the largest individual project over the next 30 years, and will enable the proposed land uses.

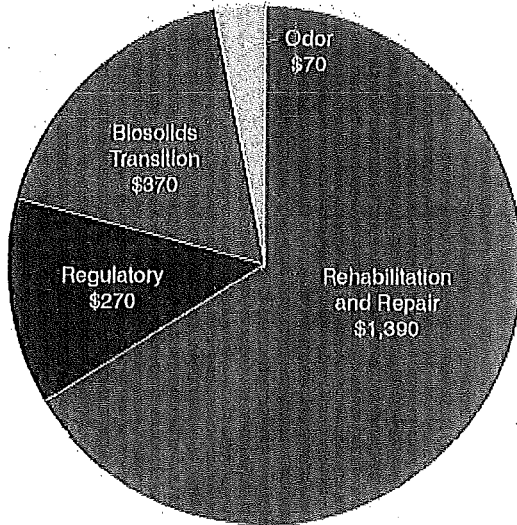
EXISTING
Drying Beds

PROPOSED
Centrifuge/
Greenhouses



Biosolids dewatering and drying transition.

**30-Year Capital Improvement Plan
at 2% Escalation (\$ Million)**



Approximately \$1.4 billion will be spent on repair and rehabilitation of the existing facilities.

6: Implementation Plan/Costs

The Plant Master Plan proposes a \$2.2 billion (annual escalation at 2 percent) 30-year capital improvement program (CIP) that includes improvements to every process area of the Plant, adds odor control to impacted processes, relocates and reduces the biosolids dewatering and drying process, and addresses future regulations. A detailed implementation plan and cost breakdown is presented at the end this executive summary.

The Plant's technical alternatives will be funded by ratepayers over the 30 years through a combination of rate increases and bonds. Plant staff will continue to aggressively pursue federal and state grants, but this revenue stream cannot be guaranteed. Projected rate increases will be determined by each partner agency based on their own rate structure requirements. Bonding options will also be analyzed.

The Plant Master Plan team confirmed which of the existing treatment processes would be retained. Consequently, critical repair and replacement needs to these processes would need to be completed regardless of whether the Plant Master Plan is ultimately adopted.

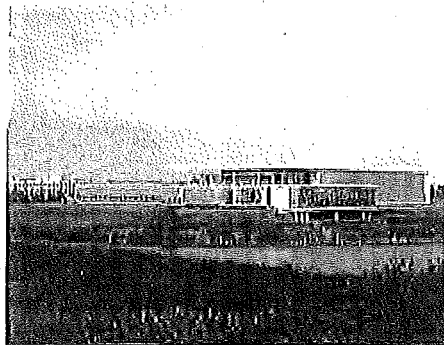
7: Land Use Alternative

The Plant Master Plan reserves approximately 400 acres for Plant operations which includes space for potential processes needed beyond 2040 and appropriate buffer to neighboring uses.

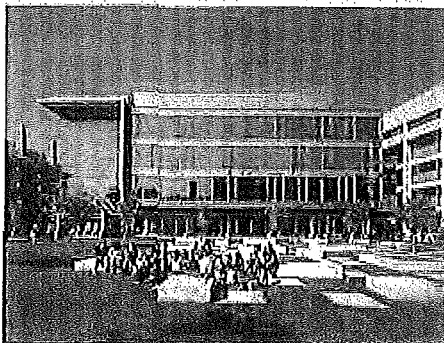
The land use plan utilizes the land not used for process treatment needs. All of the potential land uses will require their own funding sources.

Economic Uses

The Plant lands provide a unique opportunity to build and grow new industries for the region. About 300 acres are allocated to a mix of retail, office, and light industrial uses. These proposed developments can provide over 17,000 jobs, and can generate revenue for the Plant and its partner agencies. The Plant Master Plan also includes 45 acres along



Recommended future land use: clean tech manufacturing.



Recommended future land use: Institute.

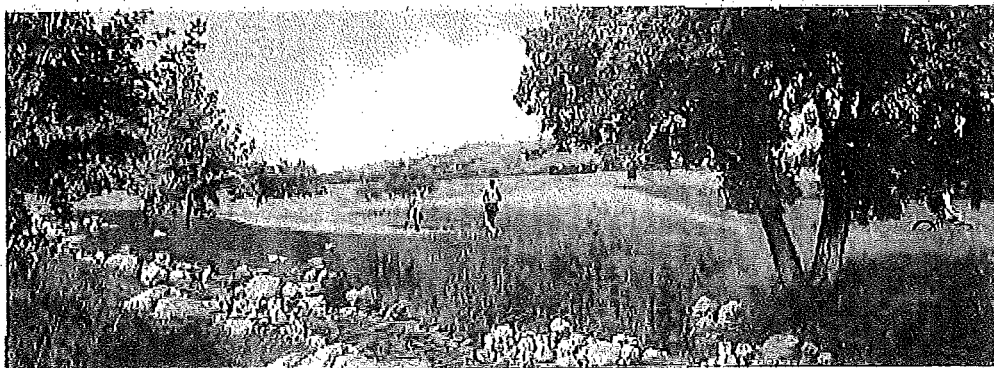
Highway 237 to allow for a clean tech and water institute that could be an incubator and demonstration facility for water-related technologies. This presents a significant opportunity to develop a public-private partnership.

The type and extent of development will be dependent on market demand, and build-out of the area is not expected until the end of the planning period (2040).

Recreational Uses

The improved site circulation plan, when coupled with a proposed 16 miles of trails, will allow unprecedented access to the Bay and connect a vital segment of the Bay Trail linking Sunnyvale to Fremont through Alviso and the Plant.

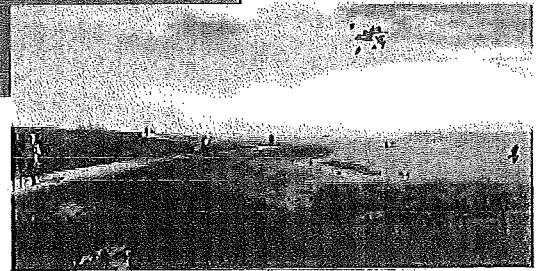
These trails will link existing and proposed educational areas, including: Don Edwards San Francisco Bay National Wildlife Refuge Education Center (existing), a 40-acre park with ball fields (proposed), the clean-tech water institute (proposed), nature museum (proposed), and a boardwalk nature trail (proposed). These recreational uses have been planned with input from the regional parks departments.



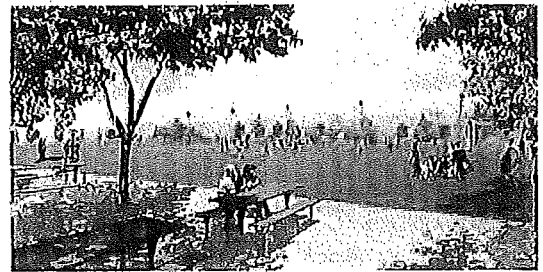
Recommended future land use: riparian habitat.



Recommended future land use: owl habitat.



Recommended future land use: mudflats/marsh.



Recommended future land use: parks.

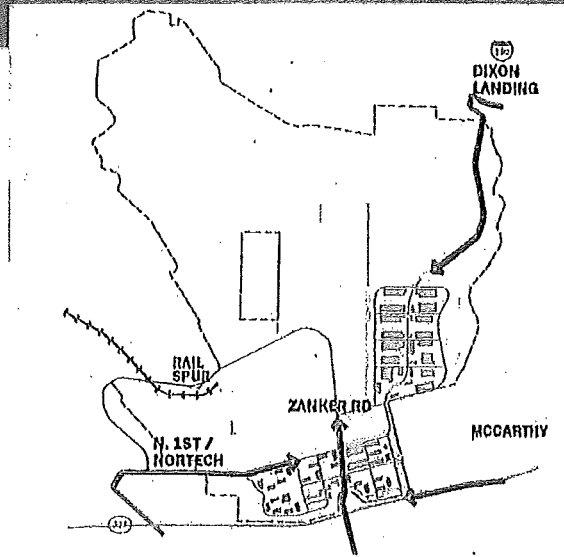
Environmental Uses

The recreational areas also connect enhanced and restored areas of the Plant lands. The Plan proposes habitat for the endangered California Clapper Rail and the Salt Marsh Harvest Mouse along with the Western Burrowing Owl, a species of special concern. The habitats along the Bay, open water, mudflats, and marsh, could provide additional protection from the threat of sea-level rise. These land uses

have been carefully planned with input from resource agencies, the Santa Clara Valley Water District, the Don Edwards San Francisco Bay Wildlife Refuge, and the Army Corps of Engineers.

Improving Circulation Around and Through the Plant Lands

The Plant Master Plan proposes connecting Nortech Drive to Zanker Road. This road is proposed to be extended north to Dixon Landing Road. An additional connection between Zanker Road and McCarthy Boulevard (partially on Plant lands) would also increase access opportunities. These road connections would also provide bicycle and pedestrian access.



Land use plan enhances site circulation.

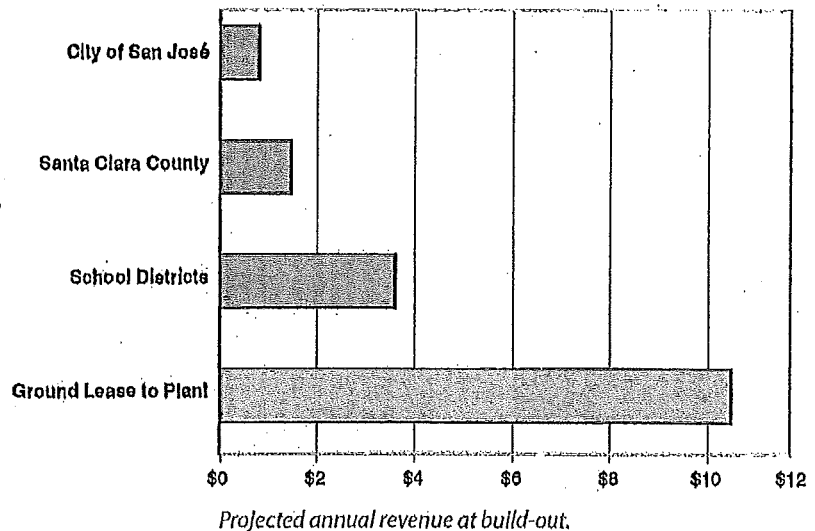
8. Economic benefits of the Proposed Land Use Alternatives

The development of the Plant lands under the Plan is contingent on market demand. In addition to market demand, phasing of the development and availability of land will depend on the infrastructure improvements at the Plant to control odors and change the solids processing technologies.

At build-out, the positive fiscal impact is projected to be \$1.1 million based on property and sales tax revenue, with substantial additional benefit to Santa Clara County and local School Districts. The annual projected ground lease revenue at build-out is projected to be \$10.5 million. The timing of infrastructure capital investment precedes the development of the land and potential resulting revenues. Therefore, revenues at build-out have the potential to offset future operating and maintenance costs for the Plant but do not offset the capital investment included in the Plant Master Plan.

The economic analysis showed that the total economic impact of this development, considering construction and permanent economic activity, is approximately \$16.5 billion, a substantial benefit to the region.

**Projected Annual Revenue at Buildout 2040
(\$ Millions)**



9: A Sustainable Plan

Operational:

- Defines the future footprint of the Plant.
- Provides for reliable wastewater treatment service for the next 30 years.
- Reduces odor emission sources.
- Protects the Plant from sea-level rise.

Economical:

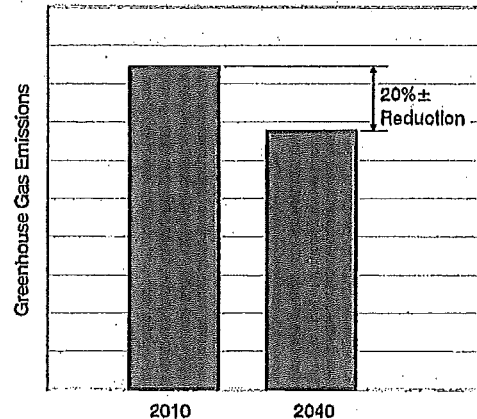
- Allows for 300 acres of cleantech, environmentally sustainable development.
- Provides revenue opportunities for the Plant, City of San José, and its tributary partners.
- Includes large parcels for future job growth.

Environmental:

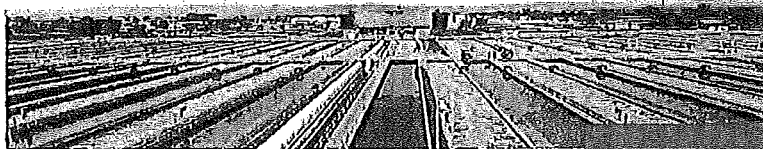
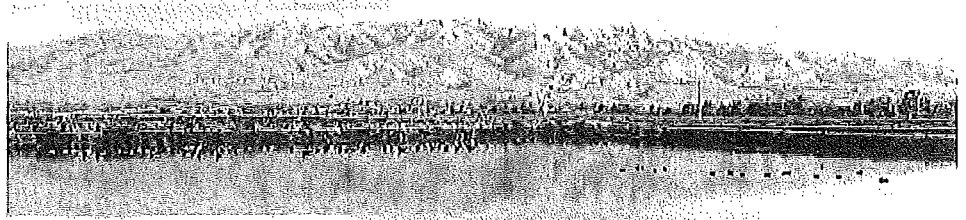
- Creates over 1,200 acres of protected habitat.
- Re-establishes a connection between Coyote Creek and the Bay.
- Restores Artesian Slough creating new riparian habitat.
- Reduces the Greenhouse Gas (GHG) emissions.

Social:

- Connects the Bay Trail and south Bay trail system (over 10 miles of new trails).
- Creates space for a regional park with multiple ball fields.
- Provides flexible space for future recreational opportunities.

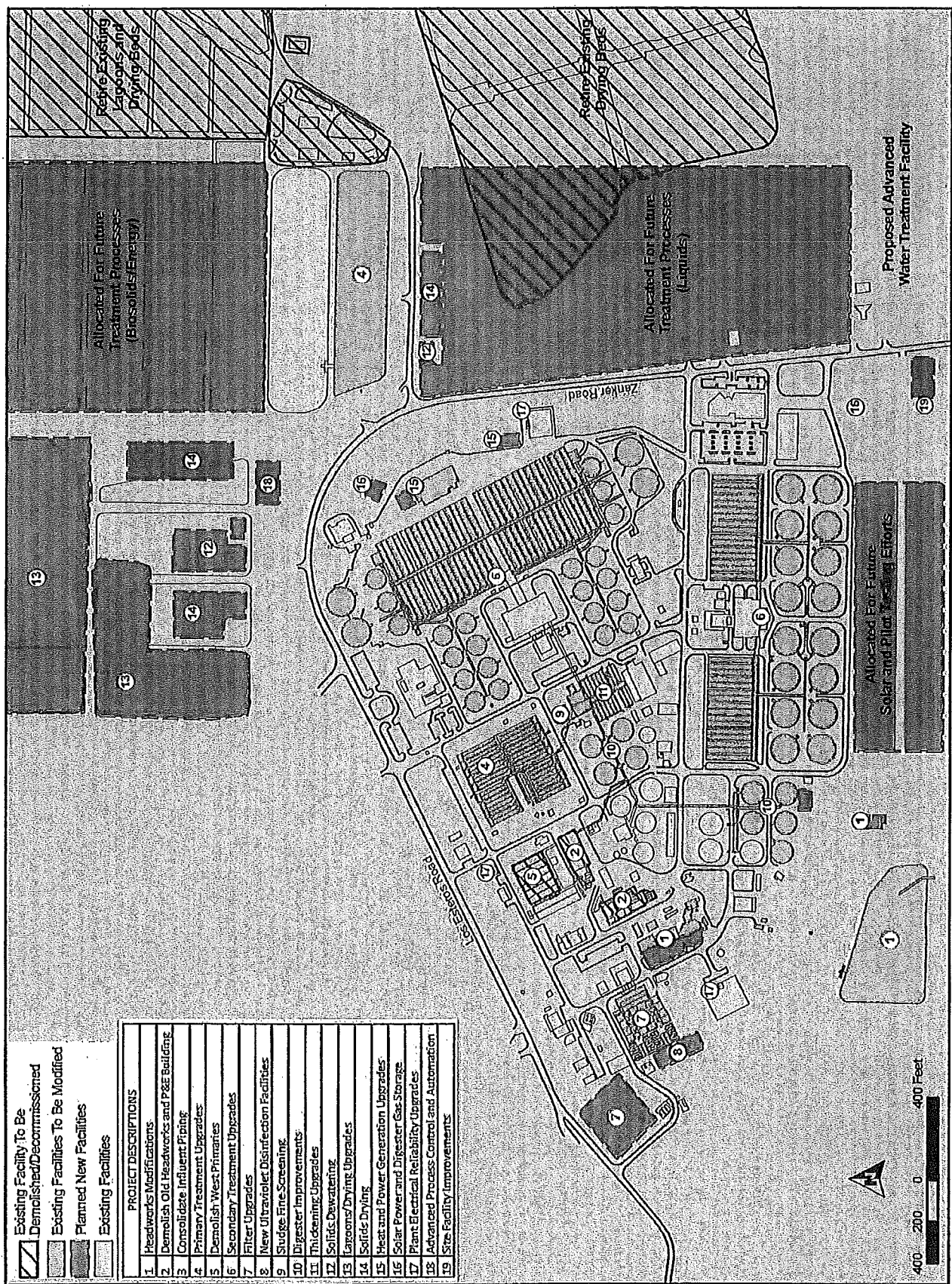


Carbon footprint is expected to reduce by approximately 20 percent over the 30-year planning period.

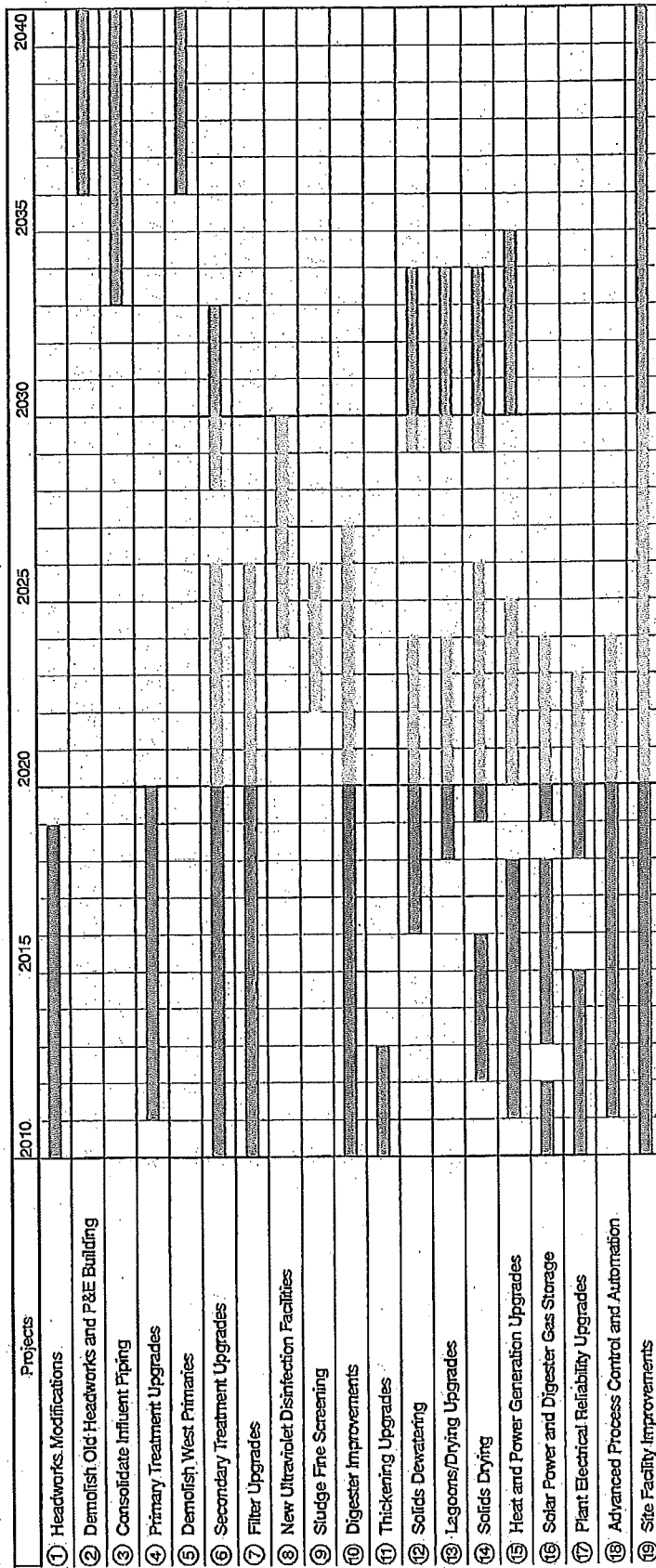


Photos by Robert Dawson, San José Public Art.

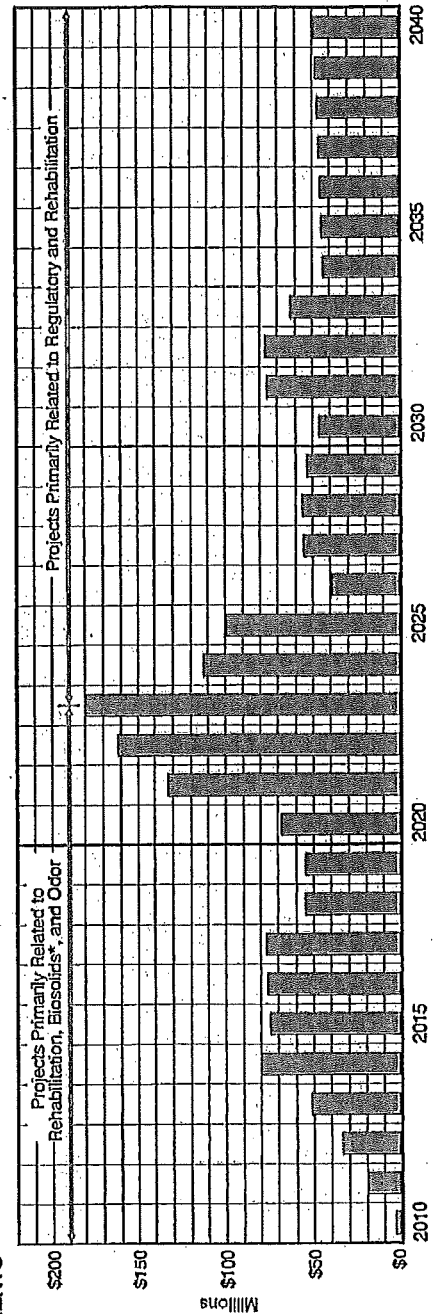
A master plan program of this size and complexity will require regular updates, including a review of basic planning assumptions and planning triggers used to develop the 30-year implementation plan.



PROJECTED IMPLEMENTATION SCHEDULE



PROJECTED CASHFLOW REQUIREMENTS FOR CAPITAL COSTS ONLY (escalated at 2%)



*The transition to mechanical and covered dewatering and drying of biosolids would result in an increase of approximately 10% in operations and maintenance costs.

SJ/SC WPCP CONCEPT PLAN

